

# AR12

**NATURAL RESOURCES  
GROWTH FUND LTD.**



**PRINCIPAL BUSINESS OFFICE**

304 Sixth Avenue S.W.  
Calgary, Alberta

**MANAGER**

Empire Management Limited  
304 Sixth Avenue S.W.  
Calgary, Alberta

**INVESTMENT COUNSEL**

Touche, Vintcent Investment Consultants Ltd.  
Calgary, Alberta

**LEGAL COUNSEL**

McLaws, Deyell, Dinkel, Floyd and Moore  
Calgary, Alberta

**REGISTRAR AND TRANSFER AGENT**

Montreal Trust Company  
Halifax, Saint John, Montreal, Toronto  
Winnipeg, Calgary, Vancouver

**CUSTODIAN OF SECURITIES AND  
DIVIDEND DISBURSING AGENT**

Montreal Trust Company

**NATURAL RESOURCES  
GROWTH FUND LTD.**



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## QUARTERLY REPORT

FOR THE QUARTER ENDED DEC. 31, 1966

# NATURAL RESOURCES GROWTH FUND LTD.

Portfolio of Securities at December 31, 1966

Security	Shares or Par Value	Market Value	% of Total Assets
<b>OILS - Integrated &amp; Exploratory</b>			
Alminex Limited .....	30,200	\$ 146,470	1.46
Canadian Export Gas & Oil Ltd. ....	50,000	272,500	2.72
Canadian Gridoil Limited .....	30,000	243,000	2.42
Canadian Superior Oil Ltd. ....	30,500	926,438	9.25
Central-Del Rio Oils Limited .....	24,000	312,000	3.11
Chieftain Development Co. Ltd. ....	30,000	292,500	2.92
Dome Petroleum Limited .....	18,500	677,562	6.77
Great Plains Development Company of Canada Ltd. ....	8,500	97,750	.97
Home Oil Company Limited - Class A .....	23,100	548,625	5.48
Home Oil Company Limited - Class B .....	9,900	237,600	2.37
Husky Oil Canada Ltd. - Common .....	29,000	369,750	3.69
Husky Oil Canada Ltd. - 5 $\frac{3}{4}$ % Cumulative Redeemable Convertible Preferred - Series C .....	4,000	216,000	2.15
Pacific Petroleums Ltd. ....	20,000	220,000	2.20
Provo Gas Producers Limited .....	53,333	290,665	2.90
Scurry-Rainbow Oil Limited - Convertible Subordinated Debentures 6 $\frac{1}{4}$ /85 .....	\$175,000	210,000	2.10
Shell Canada Limited .....	23,200	513,300	5.13
Union Oil Company of Canada Limited .....	17,500	586,250	5.85
Western Decalta Petroleum Limited .....	24,200	84,700	.84
			<u>62.33</u>
<b>PIPELINES</b>			
The Alberta Gas Trunk Line Company Limited, Common "A" .....	5,700	173,137	1.73
Trans-Canada Pipe Lines Limited .....	15,600	382,200	3.82
Trans Mountain Oil Pipe Line Company .....	25,200	415,800	4.15
			<u>9.70</u>
<b>MINES</b>			
Falconbridge Nickel Mines Limited .....	5,000	435,625	4.35
The Granby Mining Company Limited .....	5,000	152,500	1.52
Leitch Gold Mines Limited .....	10,000	51,000	.51
The Patino Mining Corporation .....	10,000	90,500	.91
Placer Development Limited .....	8,000	232,000	2.31
			<u>9.60</u>
<b>PULP and PAPER</b>			
The Price Company Limited .....	15,000	183,750	1.83
<b>BUYING RESERVE:</b>			
Deposit Receipts .....		1,000,000	9.98
Guaranteed Investment Certificates .....		400,000	3.99
Cash on hand .....		257,608	2.57
<b>TOTAL ASSET VALUE</b> .....		<u>10,019,230</u>	<u>100.00</u>

Shares Outstanding 1,596,249

## Net purchases during the quarter (shares or par value):

30,200 Alminex Limited  
10,000 Chieftain Development Co. Ltd.  
5,000 The Granby Mining Company Limited  
10,000 Leitch Gold Mines Limited  
4,000 Placer Development Limited

## Net sales during the quarter (shares or par value):

10,100 The British American Oil Company Limited  
1,000 Central-Del Rio Oils Limited  
9,700 Dome Petroleum Limited  
2,000 Pacific Petroleums Ltd.  
75,800 Western Decalta Petroleum Limited



## TO THE SHAREHOLDERS

On December 31, 1966, the net asset value per share of the Fund was \$6.28, an increase of 14.2% over the value of \$5.50 at the end of the previous quarter. During the same period, the Toronto Stock Exchange Index rose 4.2% and the Dow Jones Industrial Averages rose 1.5%.

In the eleven-month period since the name and investment policies of the Fund were changed, the value per share of Natural Resources Growth Fund has increased by 10.0% compared with declines of 14.1% and 20.1% in the Toronto Stock Exchange Index and the Dow Jones Industrial Averages respectively. It should be noted that the performance of the Fund is based on reinvestment of dividends declared in March, 1966.

The achievement of the Fund in out-performing the general market indexes was due to its policy of careful selection and timing. The size of the Fund enables it to execute policy decisions rapidly, a particularly important factor in natural resource securities. The number of new shareholders who have invested in the Fund in recent months is an indication that Natural Resources Growth Fund satisfies an important need of many Canadian investors.

In our previous quarterly report, a new purchase was shown under the heading "Other." This represented the initial acquisition of shares of Alminex Limited. We have now acquired a satisfactory position in this company. Alminex is an exploratory oil company with a sound growth record and has substantial land interests in northwestern Alberta.

During the quarter, an additional 10,000 common shares of Chieftain Development were acquired and our holdings of Placer Development were doubled. Purchases were made for the first time of shares of Leitch Gold Mines and Granby Mining and several other interesting situations are currently under consideration.

On behalf of the Board of Directors

R. A. Brown, Jr.  
President.

January 3, 1967.

NATURAL RESOURCES  
GROWTH FUND LTD.



# PROSPECTUS

DATED JUNE 20, 1967

*A copy of this prospectus has been filed with the Registrar of Joint Stock Companies, Alberta.*

*The Fund's portfolio contains both investment and speculative securities of natural resource companies.*

*No Securities Commission or similar authority in Canada has, in any way, passed upon the merits of the securities offered hereunder, and any representation to the contrary is an offence.*

*This prospectus is not to be construed as a public offering of these shares for sale in the United States of America or in the territories or possessions thereof.*

# NATURAL RESOURCES GROWTH

Portfolio of Securities at December

Security

## OILS - Integrated & Exploratory

Alminex Limited .....  
 Canadian Export Gas & Oil Ltd. ....  
 Canadian Gridoil Limited .....  
 Canadian Superior Oil Ltd. ....  
 Central-Del Rio Oils Limited .....  
 Chieftain Development Co. Ltd. ....  
 Dome Petroleum Limited .....  
 Great Plains Development Company of Canada Ltd. ....  
 Home Oil Company Limited - Class A .....  
 Home Oil Company Limited - Class B .....  
 Husky Oil Canada Ltd. - Common .....  
 Husky Oil Canada Ltd. - 5¾% Cumulative Redeemable  
 Convertible Preferred - Series C .....  
 Pacific Petroleums Ltd. ....  
 Provo Gas Producers Limited .....  
 Scurry-Rainbow Oil Limited - .....  
 Convertible Subordinated Debentures 6¼/85 .....  
 Shell Canada Limited .....  
 Union Oil Company of Canada Limited .....  
 Western Decalta Petroleum Limited .....

## PIPELINES

The Alberta Gas Trunk Line Company Limited, Common .....  
 Trans-Canada Pipe Lines Limited .....  
 Trans Mountain Oil Pipe Line Company .....

## MINES

Falconbridge Nickel Mines Limited .....  
 The Granby Mining Company Limited .....  
 Leitch Gold Mines Limited .....  
 The Patino Mining Corporation .....  
 Placer Development Limited .....

## PULP and PAPER

The Price Company Limited .....

BUYING RESERVE: Deposit Receipts .....  
 Guaranteed Investment Certificates .....

Cash on hand .....

TOTAL ASSET VALUE .....

Shares Outstand

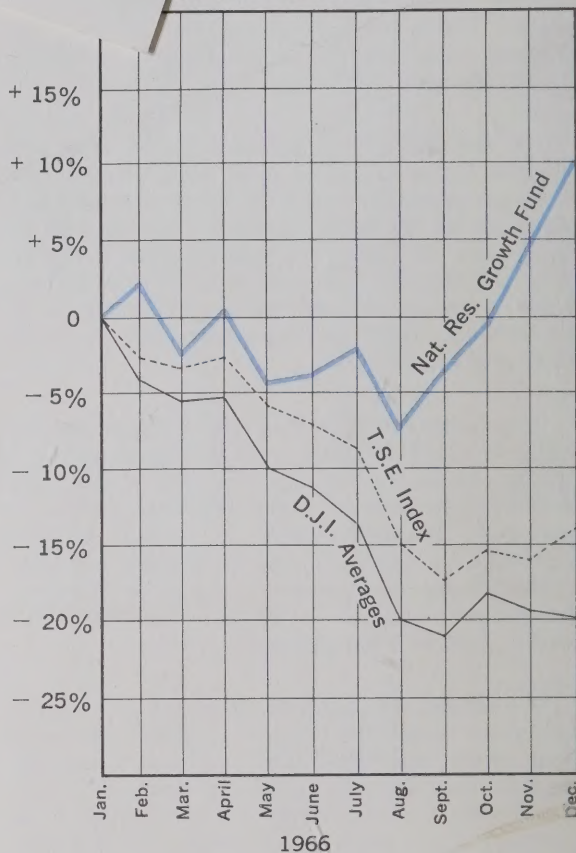
### Net purchases during the quarter

30,200 Alminex Limited .....  
 10,000 Chieftain Developme .....  
 5,000 The Granby Mining C .....  
 10,000 Leitch Gold Mines Li .....  
 4,000 Placer Development .....

### Net sales during the quarter (sha

10,100 The British America .....  
 1,000 Central-Del Rio Oils .....  
 9,700 Dome Petroleum Lir .....  
 2,000 Pacific Petroleums I .....  
 75,800 Western Decalta Pet .....

Resources Growth Fund  
 Performs General Market  
 Since Introduction



— The value of Natural Resources Growth Fund shares, including reinvested dividends, increased 59¢, or 10.0%, in the past eleven months.

— During the same period the Toronto Stock Exchange index dropped 14.1%, and the Dow Jones Industrial Averages dropped 20.1%.

— Natural Resources Growth Fund out-performed the general averages by 25 - 30% during its first eleven months of operation.



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## CUSTODIAN OF SECURITIES AND DIVIDEND DISBURSING AGENT

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*This prospectus is not to be construed as a public offering of these shares for sale in the United States of America or in the territories or possessions thereof.*



# NATURAL RESOURCES

Portfolio of Securities

## Security

### OILS - Integrated & Exploratory

Alminex Limited	.....
Canadian Export Gas & Oil Ltd.	.....
Canadian Gridoil Limited	.....
Canadian Superior Oil Ltd.	.....
Central-Del Rio Oils Limited	.....
Chieftain Development Co. Ltd.	.....
Dome Petroleum Limited	.....
Great Plains Development Company of Canada Ltd.	.....
Home Oil Company Limited - Class A	.....
Home Oil Company Limited - Class B	.....
Husky Oil Canada Ltd. - Common	.....
Husky Oil Canada Ltd. - 5¾% Cumulative Redeemable Convertible Preferred - Series C	.....
Pacific Petroleums Ltd.	.....
Provo Gas Producers Limited	.....
Scurry-Rainbow Oil Limited - Convertible Subordinated Debentures 6¼/85	.....
Shell Canada Limited	.....
Union Oil Company of Canada Limited	.....
Western Decalta Petroleum Limited	.....

### PIPELINES

The Alberta Gas Trunk Line Company Limited, Common	.....
Trans-Canada Pipe Lines Limited	.....
Trans Mountain Oil Pipe Line Company	.....

### MINES

Falconbridge Nickel Mines Limited	.....
The Granby Mining Company Limited	.....
Leitch Gold Mines Limited	.....
The Patino Mining Corporation	.....
Placer Development Limited	.....

### PULP and PAPER

The Price Company Limited	.....
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BUYING RESERVE: Deposit Receipts	.....
Guaranteed Investment Certificates	.....

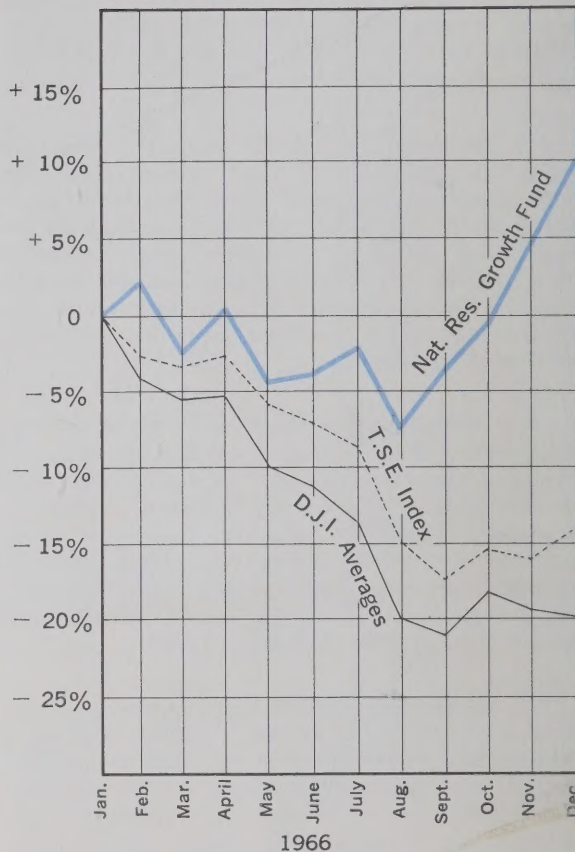
Cash on hand	.....
TOTAL ASSET VALUE	.....

Shares Outstand

Net purchases during the quarter	
30,200 Alminex Limited	
10,000 Chieftain Developme	
5,000 The Granby Mining C	
10,000 Leitch Gold Mines Li	
4,000 Placer Development	

Net sales during the quarter (sha	
10,100 The British America	
1,000 Central-Del Rio Oils	
9,700 Dome Petroleum Li	
2,000 Pacific Petroleums I	
75,800 Western Decalta Pet	

## Natural Resources Growth Fund Outperforms General Market Indexes Since Introduction



— The value of Natural Resources Growth Fund shares, including reinvested dividends, increased 59¢, or 10.0%, in the past eleven months.

— During the same period the Toronto Stock Exchange index dropped 14.1%, and the Dow Jones Industrial Averages dropped 20.1%.

— Natural Resources Growth Fund outperformed the general averages by 25 - 30% during its first eleven months of operation.



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## THE FUND

Natural Resources Growth Fund Ltd. (the "Fund") is a mutual investment fund incorporated by Memorandum of Association under The Companies Act of Alberta on April 27, 1959 as First Oil & Gas Fund Ltd. The Fund's head and principal office is at 304 Sixth Avenue S.W., Calgary, Alberta.

The Fund was incorporated with an authorized capital of \$2,000,000. This was increased by successive certificates under The Companies Act (Alberta) to \$5,000,000 on April 18, 1961, to \$6,500,000 on March 9, 1962 and to its present authorized capital of \$16,500,000 on January 28, 1966.

On January 28, 1966 by certificate under The Companies Act (Alberta) the name of the Fund was changed from First Oil & Gas Fund Ltd. to Natural Resources Growth Fund Ltd. and the objects of the Fund were amended and expanded.

The present authorized capital of the Fund, \$16,500,000, is divided into 1,000 Common Shares, par value \$1.00 each, all of which are issued and outstanding, 14,999,000 Special Shares, par value \$1.00 each, of which 3,407,463.562 have been issued, 1,860,409.125 have been redeemed and 1,547,054.437 are outstanding, and 2,500,000 Preference Shares, par value 60¢ each, of which 2,096,685 have been issued and redeemed and none are outstanding.

## DIRECTORS AND OFFICERS OF THE FUND

The directors and officers of the Fund and their principal occupations during the past five years are as stated below:

<b>ROBERT ARTHUR BROWN, JR.</b> ..... Director and President 2211 - 7th Street S.W., Calgary, Alberta.	President and Director, Cygnus Corporation Limited, Home Oil Company Limited, Director, Trans-Canada Pipe Lines Limited, Calgary Power Ltd., Crown Trust Company.
<b>ROBERT WILLIAM CAMPBELL</b> ..... Director and Vice-President 3819 - 10th Street S.W., Calgary, Alberta.	Director and Executive Vice-President, Cygnus Corporation Limited, Home Oil Company Limited, Director, Trans-Canada Pipe Lines Limited.
<b>MARSH ALEXANDER COOPER</b> ..... Director 15 Elm Avenue, Toronto 5, Ontario.	Partner, W. F. James, B. S. W. Buffam & M. A. Cooper, (Consulting Geologists), Officer & Director, The Granby Mining Company Limited, Manitou-Barvue Mines Limited, & Mogul of Ireland Ltd., Director, Home Oil Company Limited, Jedway Iron Ore Limited, McIntyre Porcupine Mines Limited, Jefferson Lake Petrochemicals of Canada Ltd., Consolidated West Petroleum Ltd., Blackhawk Mines Limited, Betrusted Investment Corporation Ltd., Granisle Copper Limited.
<b>JEAN LOUIS LEVESQUE, D.C.Sc.,</b> ..... <b>D.P.Ec., LL.D.</b> Director 177 Maplewood Avenue, Outremont, P. Quebec.	Chairman, J. L. Levesque & L. G. Beaubien Ltd., Industrial Life Insurance Company, President, F-I-C Fund Inc., Blue Bonnets Raceway Inc., L. G. Beaubien & J. L. Levesque Inc., Vice-President, Alfred Lambert Inc., Director, Air Canada, Canadian National Railways, General Trust of Canada, The Provident Assurance Company, Trans-Canada Corporation Fund.
<b>DONALD PRESTON McLAWS, Q.C.</b> ..... Director R.R. No. 1, Midnapore, Alberta.	Partner, McLaws and Company (Barristers & Solicitors), Officer & Director, Spalding Hardware Ltd., Haytian American Sugar Company (S.A.), Eau Claire Sawmills Ltd., Calgary Inn Ltd.



FRANCIS MURRAY PATRICK McMAHON ..... Director 2010 S.W. Marine Drive, Vancouver 14, B.C.	Chairman & President, Westcoast Transmission Company, Limited, Director, Canadian Liquid Air Co. Ltd., a Canadian Chartered Bank, Executive Fund of Canada Ltd., The Royal Bank of Canada Trust Company, Montreal Trust Company, Pacific Petroleum Ltd., Ocean Cement & Supplies Ltd., W. H. Olsen Manufacturing Co. Ltd.
CHESLEY ALWYN PIPPY, LL.D., C.D. .... Director 26 Waterford Bridge, St. John's, Newfoundland.	President, The Newfoundland Tractor and Equipment Co. Ltd., North Star Cement Co., Newfoundland Hardwoods Ltd., Director, Canadian National Railways, a Canadian Chartered Bank.
JOHN BEVERLY SANGSTER ..... Director 2630 McCallum Road, Regina, Saskatchewan.	President, Mid-West Motors Ltd., Western Auto Leasing, Director, Guaranty Trust Co. of Canada, Home Oil Company Limited.
ARTHUR MILTON SHOULTS ..... Director 500 Avenue Road, Toronto 7, Ontario.	President and Director, James Lovick Limited, Director, Cygnus Corporation Limited.
GEORGE HARRY THOMPSON, M.C. .... Director 129 - 26th Avenue S.W., Calgary, Alberta.	Chairman, Calgary Power Ltd., Vice-President and Director Montreal Engineering Company Limited, Director, Trans-Canada Pipe Lines Limited, Newfoundland Light and Power Company Limited, Home Oil Company Limited.
JOHN ROSS TOLMIE, Q.C. .... Director 597 Mariposa Avenue, Rockcliffe, Ottawa 2, Ontario.	Partner, Herridge, Tolmie, Gray, Coyne and Blair (Barristers & Solicitors), Director, Corporation House Ltd., Trans-Canada Pipe Lines Limited, Cygnus Corporation Limited.
RONALD BORDEN COLEMAN ..... Secretary 2710 - 10th Street S.W., Calgary, Alberta.	Vice-President, Secretary and General Counsel, Home Oil Company Limited, Secretary, Cygnus Corporation Limited.
THOMAS RALSTON DENTON ..... Assistant Secretary 4815 Nelson Road, Calgary, Alberta.	Assistant Secretary and Assistant General Counsel, Home Oil Company Limited.

## INVESTMENT POLICY

The principal objective of the Fund is to seek above average growth of capital rather than current income. To attain this objective the Fund's investment policy is to specialize in the securities of natural resource companies. The Portfolio of Investments included in this prospectus illustrates this policy. The portfolio will often contain securities of exploration and development companies whose value can be significantly affected by their search for minerals. However, the Fund offers a degree of diversification essential in reducing the risk inherent in securities that may be subject to rapid price changes. The majority of the Fund's investments will be in Canadian companies, however foreign companies may be added to the portfolio if circumstances warrant.

The Fund may invest in either equity or debt securities depending on the considerations prevailing at the time of investment and there is no limitation on the proportion of its assets that can be invested in either type of security. The Fund does not invest in real estate or in commodities or commodity future contracts nor does it invest in other mutual funds or for the purpose of exercising control or management. Investments may also be made in evidences of indebtedness issued by the Government of Canada or by any province or municipality in Canada.

## INFORMATION TO SHAREHOLDERS

Shareholders are kept informed as to the securities owned, and how the Fund is being managed in their interests through regular quarterly and annual reports.

## INVESTMENT RESTRICTIONS

Certain investment restrictions have been adopted by the Fund for the protection of the share-

holders, but they are sufficiently broad to permit the degree of flexibility necessary to meet changing conditions. The Fund is prohibited from purchasing securities on margin or shortselling securities, it is prohibited from borrowing money or mortgaging or pledging any of its assets except for emergency purposes or to facilitate normal business requirements (which cannot in any event exceed 5% of the Fund's total assets).

Securities may not be purchased until they have been approved by the Board of Directors, with the exception of securities issued or guaranteed by Canada or any province. Securities are purchased through normal public market facilities.

The Fund is prohibited from making loans to or utilizing its credit for any officer, director or any other person. It is also prohibited from underwriting or participating in the marketing of securities which are not fully paid and non-assessable.

The Fund is prohibited from purchasing the securities of any issuer (other than those of the Government of Canada or any province or municipality in Canada) if such purchase would cause more than 10% of the Fund's assets to be invested in the securities of that issuer. The Fund is also prohibited from purchasing more than 10% of the outstanding or voting securities of any issuer. The Portfolio of Investments shows the percentage of the assets of the Fund invested in each security in the portfolio, and at the present time the Fund does not own 5% or more of the outstanding securities of any class of any issuer.

These investment restrictions may not be changed without the approval of the holders of the Common Shares given as required by The Companies Act (Alberta).



## MANAGEMENT AND INVESTMENT ADVISOR

The Fund is managed by Empire Management Limited (the "Manager") of 304 Sixth Avenue S.W., Calgary, Alberta. The Manager is the exclusive agent of the Fund for distribution of the Special Shares to the dealers.

The Manager manages the investment and re-investment of the assets of the Fund and administers the Fund's affairs, all to the extent requested by and subject to the supervision of the Fund's Board of Directors. The Manager has no pre-arrangement, formula or method for allocating the brokerage business arising from purchases and sales of the investment portfolio. Transactions in portfolio securities are always sought where the Manager can get prompt execution of orders at the most favourable prices. The Manager also considers the research and statistical information provided and the relative sales of Special Shares of the Fund by the dealers. During the financial year ended March 31, 1967, Richardson Securities of Canada through its offices across Canada sold 46.97% of the total Special Shares issued by the Fund during such year, and this firm received 35.17% of the brokerage paid in connection with the portfolio securities transactions of the Fund.

During the financial year ended March 31, 1967 the total cost of portfolio securities acquired was \$3,322,622, excluding short-term notes totalling \$10,050,000. The total cost of brokerage arrangements for purchases and sales during this period was \$116,489. The total cost of portfolio securities held at the beginning of the financial year was \$7,034,811, and at the end of the financial year was \$8,436,879.

The Manager provides investment analysis and advice, and has engaged the services of Touche, Vintcent Investment Consultants Ltd. as Invest-

ment Counsel. The principals and directors of this firm are Messrs. Rodney Gordon Touche, 707 Prospect Avenue, Calgary, Alberta, and Joseph Vintcent, #102, 129 - 26 Avenue S.W., Calgary, Alberta. Mr. Touche was formerly on the staff of the Financial Post, Toronto, was then an executive assistant with MacMillan Bloedel and Powell River Limited and from 1961 was with Cangro Resources Ltd. and from 1963 until 1965 was Vice-President of that investment company. Mr. Vintcent was employed by Canadian Fina Oil Limited, Mobil Oil of South Africa Ltd., Western Decalta Petroleum Limited and Scurry-Rainbow Oil Ltd. from 1956 to 1964 in various accounting and secretarial capacities. During the latter part of 1964 he was employed by Cangro Resources Ltd. as investment analyst and in 1965 he was employed by Johannesburg Consolidated Investment Company Ltd. where he held the position of senior industrial analyst.

In addition to the foregoing duties, the Manager provides office space in Calgary for the Fund, all office facilities, equipment and clerical personnel necessary for the operation of the Fund (excepting personnel required for keeping the Fund's own books of account), and the Manager arranges for members of its organization to serve without remuneration from the Fund as officers or employees of the Fund. The Fund pays its own taxes and directors' fees and all fees, costs and expenses in connection with keeping its books of account, auditors, legal counsel, custodian, transfer agent and registrar, dividend disbursing agent, brokers' commissions, interest, share certificates and corporate reports and other like miscellaneous expenses.

Four agreements dated May 15, 1959, May 7, 1965, June 4, 1965 and January 28, 1966 describe the arrangements between the Fund and the Manager. These arrangements terminate on December 31, 1968 but renew automatically for

additional successive 5 year periods unless written notice is given by either the Fund or the Manager 6 months prior to December 31, 1968 or to the expiry of any one of the additional successive 5 year periods. The agreements may be inspected at the Fund's head office during business hours.

Under the terms of these agreements, the Manager is entitled to receive for each fiscal quarter, payable on the last day of such quarter, a fee equal to  $\frac{1}{8}$ th of 1% of the average of the values of the net assets of the Fund as determined as of the close of business on each business day throughout that quarter. The Manager received in this manner \$46,429 during the financial year ending March 31, 1967.

#### DIRECTORS AND OFFICERS OF THE MANAGER

The directors and officers of the Manager are associated with Cygnus Corporation Limited and Home Oil Company Limited, Calgary, and are as stated below:

ROBERT ARTHUR BROWN, JR.  
President and Director  
2211 - 7th Street S.W., Calgary, Alberta

ROBERT WILLIAM CAMPBELL  
Executive Vice-President and Director  
3819 - 10th Street S.W., Calgary, Alberta

WILLIAM FLEMING JAMES  
Director  
300 Vesta Drive, Toronto 10, Ontario

ROBERT ROSS SMITH  
Vice-President and General Manager  
115 Wildwood Drive, Calgary, Alberta

RONALD BORDEN COLEMAN  
Secretary  
2710 - 10th Street S.W., Calgary, Alberta

BARTLETT BIDWELL ROMBOUGH  
Treasurer  
7816 Chardie Road S.W., Calgary, Alberta

GRAHAM WALLACE BENNETT  
Assistant Treasurer  
1315 - 75th Avenue S.W., Calgary, Alberta

THOMAS RALSTON DENTON  
Assistant Secretary  
4815 Nelson Road N.W., Calgary, Alberta

JOHN LAWRENCE LEWIS  
Assistant Secretary  
#327, 1340 University Drive N.W.  
Calgary, Alberta

Mr. Brown, Mr. Campbell, Mr. Coleman and Mr. Denton are also directors and/or officers of the Fund and their business experience has been described elsewhere in this prospectus. Dr. James is a partner in the firm of James, Buffam and Cooper (Consulting Geologists), and a director and/or officer of many Canadian companies including Canadian Gas and Energy Fund Ltd., Canadian Security Underwriters Growth Fund Limited, Anglo Scandinavian Investment Corporation Limited of Canada, a Canadian Chartered Bank, Eldorado Mining and Refining Limited, National Trust Company Limited, Falconbridge Nickel Mines Ltd., Giant Yellowknife Mines Limited and Templeton Growth Fund Limited. Mr. Smith has been employed by Home Oil Company Limited since 1958 and has been Assistant to the President since 1961. He was appointed Manager, Corporate Planning, in June 1964 and a Vice-President and General Manager of Cygnus Corporation Limited in November 1965. Mr. Rombough has been employed by Home Oil Company Limited as an Accountant since 1955. He was appointed Assistant Treasurer of Home Oil Company Limited in September 1963 and Treasurer in November 1965. He is also Treasurer of Cygnus Corporation Limited. Mr. Bennett has been employed by Home Oil Company Limited as an Accountant since 1958. He was appointed Chief Accountant of Home Oil Company Limited in 1959 and Comptroller



in 1966. He is also Assistant Treasurer of Cygnus Corporation Limited. Mr. Lewis has been employed in the Accounting Department of Home Oil Company Limited since January 1962 and became Assistant Secretary of the Manager in May 1967.

## SPECIAL SHARES

This prospectus offers for sale throughout Canada the Special Shares of the Fund. The number of Special Shares offered by this prospectus is 11,591,536.438. The Fund will be continuously selling the Special Shares throughout the life of this prospectus.

The net proceeds realized from the sales will depend on the public offering price as determined from day to day. These net proceeds will be used in accordance with the investment policy of the Fund.

The Fund does not propose to issue securities other than the Special Shares.

By the Fund's prospectus dated July 8, 1966 11,888,672.730 Special Shares were offered for subscription, and 297,136.292 Special Shares were issued with the Fund receiving therefor \$1,845,621.04 after payment of sales commissions of \$153,445.09. By the Fund's prospectus dated March 3, 1966, 12,013,126.313 Special Shares were offered for subscription and 124,453.583 Special Shares were issued with the Fund receiving therefor \$682,394.85 after payment of sales commissions of \$41,824.75. By the Fund's prospectus dated July 26, 1965, 2,080,744.569 Special Shares were offered for subscription and 67,618.256 Special Shares were issued with the Fund receiving therefor in cash \$372,011.94 after payment of sales commissions of \$34,411.00.

## BUYING SHARES

Whole and fractional Special Shares may be bought for cash each business day. Since the Fund issues fractional shares any amount of dollars may be invested. The public offering price of the Special Shares is the asset value per Special Share plus a sales commission.

The asset value for each Special Share offered is determined by dividing the number of outstanding Special and Common Shares into the net asset value of the Fund. (See "Determining the Asset Value" below).

The sales commission is a variable percentage determined by the amount of the purchase as follows:

<u>Amount of Purchase</u>	<u>% of Public Offering Price</u>
Less than \$25,000 .....	8.5%
\$ 25,000 or more but less than \$50,000	7.5%
\$ 50,000 or more but less than \$100,000	5.5%
\$100,000 or more but less than \$250,000	4.0%
\$250,000 or more but less than \$500,000	2.5%
\$500,000 or more .....	1.0%

The shareholder may take advantage of lower sales commission rates:

- by combining purchases made by himself with purchases for or by his spouse and children under age 21;
- as a trustee or other fiduciary purchasing for a single trust estate or fiduciary account;
- as his cumulative dollar total of purchases rises to exceed any discount bracket;
- by undertaking through a Letter of Investment Intention to make purchases amounting to \$25,000 or more within a period of thirteen months, provided that he still owns the shares so purchased at the end of the period.

## WHERE TO BUY SHARES

Special Shares are available through any registered Canadian mutual fund broker or dealer, investment dealer or stock broker (the “dealers”). The Special Shares are sold to the dealers and the dealers in turn sell the Special Shares to the public at the public offering price.

The dealers receive such portion of the sales commissions referred to above as is set forth in the Manager’s form of contract which the dealers enter into or have entered into with the Manager. The Manager receives the balance of the sales commissions.

## VOLUNTARY SAVINGS PLAN

For the convenience of individuals who wish to accumulate Special Shares systematically, the Fund has introduced a Voluntary Savings Plan. This plan is voluntary and can be discontinued by the shareholder without cost or penalties at any time. Special Shares purchased through this plan will be held in trust by Montreal Trust Company, Calgary (Custodian), until the shareholder requests delivery of the certificates. Any dividends paid on these Special Shares while held by the Custodian will be automatically reinvested in additional Special Shares without charge. Confirmation of each purchase will be sent to the shareholder together with notification of the purchase price and the number of Special Shares, whole and fractional, purchased for his account.

## REGISTERED RETIREMENT SAVINGS PLAN

Moneys paid by an individual, pursuant to a registered retirement savings plan under section 79B of the Income Tax Act of Canada, can be

invested in Special Shares of the Fund. Such investment is voluntary and can be discontinued at any time at the individual’s option, but upon termination the shareholder loses the benefit of the above mentioned section of the Income Tax Act and unless an annuity is acquired as provided in such act, income tax may be assessed.

## DIVIDENDS

During each of the last five completed financial years which end on March 31st, cash dividends of 7¢ per Special and Common Share were declared with the exception of the financial year ending March 31, 1964 when the dividend was 5¢.

Stock dividends of one Preference Share (par value 60¢) for each four Special and each four Common Shares outstanding were declared during each of the financial years prior to 1967, and were redeemed in the year issued. The Directors have discontinued the practice of declaring stock dividends. It should be noted that a Systematic Withdrawal Plan is now available for those shareholders who require income in excess of that available from the annual cash dividends.

The Directors anticipate that cash dividends will continue to be paid on an annual basis totalling approximately the net income earned during such year.

## INCOME TAX CREDITS

The Fund’s annual cash dividends, including dividends reinvested, are taxable under The Income Tax Act (Canada) but are eligible for the 20% tax credit allowed to individual Canadian taxpayers.



## REINVESTMENT OF DIVIDENDS

Annual dividend payments may be automatically reinvested in additional whole and fractional Special Shares of the Fund at net asset value by completing a Dividend Reinvestment Authorization.

Following each dividend payment date Montreal Trust Company will forward a statement showing the total dividends earned and the number of whole and fractional shares purchased. Shares are held in trust by Montreal Trust Company.

Shareholders may receive certificates covering the shares held in their account at any time, by advising Montreal Trust Company, Calgary.

During the past five completed financial years there has been reinvested in the Fund in this manner the sum of \$848,218.67.

## REDEMPTIONS

Holders of Special Shares may redeem their shares at any time by delivering their share certificates in proper form for transfer to Montreal Trust Company, Calgary, with a written request for redemption. Dealers frequently act as agents for their customers in effecting this delivery. To the extent that the Fund has on hand assets including its capital, shareholders will receive the asset value of their shares as of the close of business on the first business day after the day of deposit. Payment will normally be made within five business days after the deposit of the share certificates.

## SYSTEMATIC WITHDRAWAL PLAN

Holders of Special Shares may enter into an arrangement with Montreal Trust Company, Calgary (Custodian), whereby Special Shares transferred to the Custodian in trust for the holder

are redeemed to provide for stated monthly, quarterly or annual cash payments to the holder. The number of shares that have to be redeemed to meet the desired payout may vary from time to time depending upon the net asset value of the shares at the time of redemption. The fees chargeable by the Custodian are at the following rates:

- \$1.00 per monthly or quarterly payment;
- \$2.50 per annual payment;
- \$1.50 for each partial withdrawal of shares;
- \$2.50 upon termination of the agreement.

**If the withdrawals are in excess of dividend income from the Fund and net capital appreciation, it may result in encroachment on or possible exhaustion of the shareholder's original capital.**

## INCOME TAX ON REDEMPTION

Under the Income Tax Act (Canada), redemption of any Special Share at a time when the Fund has undistributed income on hand will result in a dividend being deemed to have been received by the holder of such Special Share which will normally be equal to the holder's portion of such undistributed income then on hand. Such deemed dividend is taxable but is eligible for the 20% tax credit allowed to individual Canadian taxpayers.

## TAX STATUS OF FUND

The Fund is taxed as an ordinary Canadian corporation. Under The Income Tax Act (Canada) income receipts of the Fund are taxed and capital receipts are not taxed. In the financial year ending March 31, 1967 the Fund did not qualify as an investment company under Section 69 of The Income Tax Act. Additional details will be found in the financial statements.

## DETERMINING THE ASSET VALUE

The asset value of each Special Share of the Fund is determined by the Board of Directors who may delegate this function, and in practice it is done by the Manager. This calculation is made at the close of business on each day when the Toronto Stock Exchange is open and is accomplished by dividing the market value of all portfolio securities plus other assets, less liabilities, by the number of Special and Common Shares outstanding. Once calculated this asset value normally remains in effect throughout the next business day, and is used to determine the public offering price and the redemption price of the Special Shares. The right is reserved, however, to determine the asset value at any other time of day when the Toronto Stock Exchange is open and to fix the hour of that day when the new asset value will become effective. This determination may be made either by appraisal or by calculation or estimate, and its purpose would be to reflect fairly for the protection of shareholders any changes in asset value arising from market fluctuations. Any asset value once determined remains effective until a new asset value is determined and becomes effective.

In determining the asset value per Special Share (i) portfolio securities traded on the Toronto Stock Exchange are valued either as of the close of business at the last sale price or, if no sale, then at a price not higher than the closing asked price and not lower than the closing bid price, or at other times on the basis of the latest available quotations; (ii) portfolio securities not traded on the Toronto Stock Exchange are appraised as nearly as possible in the manner described in clause (i) when they are traded on some other exchange; (iii) portfolio securities traded on more than one stock exchange are appraised on the basis of the quotations on the selected exchange; and (iv) all other portfolio securities for which no price quotations are available are appraised

at fair value in the best judgment of the Board of Directors. The Board of Directors may also permit over-the-counter rather than stock exchange quotations to be used when these appear to reflect more closely the fair value of any particular portfolio security.

The Board of Directors has the authority to suspend the calculation of asset value for up to 7 days if the Toronto or Montreal Stock Exchanges are closed for other than customary weekend and/or holiday closings, if trading on these exchanges is restricted or should an emergency exist as a result of which it would not be reasonably practicable either to dispose of portfolio securities or to determine fairly the asset value.

## SHARE CONDITIONS

The Special Shares rank equally share for share, with the Common Shares (of which there are 1,000 all issued and outstanding) in dividend participation (see "Dividends") or distribution of capital. The Common Shares are the voting shares and cannot be redeemed. The Special Shares are normally non-voting shares but become voting shares if the Fund is in default in their redemption. Holders of Special Shares do not receive notice of and may not attend shareholders' meetings unless by law or as provided below there are matters upon which they are required to vote.

The Fund may not, except with the approval of the holders of the Special Shares, (i) create or issue any shares ranking prior to the Special Shares, (ii) voluntarily go into liquidation or be voluntarily dissolved, (iii) redeem, purchase, reduce or otherwise pay off any shares of its capital stock, except the Special Shares, or except out of the proceeds of another issue of its capital



stock or (iv) repeal, amend or otherwise alter any of these provisions or any other provisions affecting the Special Shares such as those described under "Redemptions" or "Determining the Asset Value."

When the holders of the Special Shares are required to approve any matter, the requisite meeting needs a quorum of  $\frac{1}{2}$  of the then outstanding Special Shares present in person or represented by proxy, and  $\frac{3}{4}$  of the votes cast are needed to accomplish the approval, provided that if a quorum is not present within one-half hour of the appointed time the meeting will be adjourned to a later date of which at least 10 days' notice must be given, and at any such adjourned meeting the above quorum is not required and  $\frac{3}{4}$  of the votes cast will accomplish the approval.

The Fund is permitted from time to time to increase the number of authorized Common or Special Shares by appropriate corporate action without the approval of the holders of the Special Shares.

Holders of the Preference Shares of the Fund, of which at present none are issued and outstanding and none are intended to be issued, are entitled to a non-cumulative dividend of 5% per annum and, on dissolution of the Fund, to the repayment of the capital paid up on the Preference Shares in priority to any dividends and return of capital respectively payable on all other shares of the Fund. The last issue of Preference Shares was on March 8, 1966 when 394,878.413 Preference Shares were issued as a dividend and immediately redeemed.

#### CUSTODIAN

All cash and securities owned by the Fund are held by Montreal Trust Company, as Custodian at its principal office in Calgary, 339 Eighth Avenue S.W., Calgary, Alberta. The Custodian

also collects all income and pays all dividends of the Fund. The fees payable to the Custodian by the Fund are determined by agreement between the Fund and the Custodian. It is estimated that they will amount to approximately \$8,000.00 for the year ending March 31, 1968.

#### AUDITORS

The auditors of the Fund are Messrs. Riddell, Stead, Graham & Hutchison, 407 - 8th Avenue S.W., Calgary, Alberta.

#### REGISTRAR AND TRANSFER AGENT

The Registrar and Transfer Agent for the Special Shares of the Fund is Montreal Trust Company at the following offices:

##### VANCOUVER, BRITISH COLUMBIA

466 Howe Street

##### CALGARY, ALBERTA

339 - 8th Avenue S.W.

##### WINNIPEG, MANITOBA

Notre Dame at Albert St.

##### TORONTO, ONTARIO

15 King Street West

##### MONTREAL, QUEBEC

777 Dorchester Blvd. W.

##### SAINT JOHN, NEW BRUNSWICK

43 King Street

##### HALIFAX, NOVA SCOTIA

1695 Hollis Street

The Fund acts as its own Registrar and Transfer Agent for the Common Shares and Preference Shares.

## PRINCIPAL HOLDERS OF SECURITIES

The Manager owns beneficially all of the Common (voting) Shares of the Fund and also holds of record all of these shares excepting one qualifying Common Share held of record by each of the Fund's eleven directors.

Cygnus Corporation Limited, 304 Sixth Avenue S.W., Calgary, Alberta owns beneficially all of the issued and outstanding Common (voting) Shares of the Manager and also holds of record all of these shares excepting one qualifying Common Share held of record by each of the Manager's three directors.

The directors and/or officers of the Fund and the Manager as a group beneficially own 39% of the issued and outstanding Class B (voting) Shares of Cygnus Corporation Limited.

## REMUNERATION OF DIRECTORS AND OFFICERS

The Articles of Association of the Fund provide that the directors shall be paid by way of remuneration for their services such sums as the Fund may in general meeting from time to time determine. During the last financial year ending March 31, 1967 remuneration of \$500.00 for each of the Fund's 11 directors (thus totalling \$5,500.00) accrued and is now to be paid. At the Fund's annual meeting on May 31, 1967 the same remuneration was approved for the financial year ending March 31, 1968. During the last financial year the aggregate remuneration paid to directors was \$4,812.00, this amount having accrued during the preceding financial year. The directors are also paid their traveling expenses of attending and returning from general meetings or meetings of the Board or in connection with other business of the Fund. The Articles of Association also provide that additional remuneration may be paid to directors for special services which, in the opinion of the Board, render inadequate the ordinary remuneration.

The officers of the Fund receive no remuneration since they are provided by the Manager by arrangement.

It is intended that directors, officers and employees of the Manager, Cygnus Corporation Limited and associated companies shall be permitted to purchase Special Shares of the Fund up to a total cost of \$5,000.00 in any calendar year as a personal investment with a sales commission of 1% of the public offering price.

## STATUTORY RIGHTS OF PURCHASERS

The attention of persons who purchase any of the securities offered by this prospectus in the Province of Ontario is drawn to certain provisions of The Securities Act, 1966, (Ontario) which permit such purchasers in certain events:

- (a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the 2nd business day after the prospectus or amended prospectus is received by the purchaser or his agent; and
- (b) to rescind the agreement of purchase by institution of legal proceedings within 90 days from the date of receipt of the prospectus or the amended prospectus by the purchaser or his agent or the date of the agreement of purchase, whichever is later, if such prospectus or amended prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of such provisions is contained in Sections 63 and 64 of The Securities Act, 1966 (Ontario).



## AUDITORS' REPORT

To the Directors

NATURAL RESOURCES GROWTH FUND LTD.

We have examined the accompanying financial statements of Natural Resources Growth Fund Ltd. for the year ended March 31, 1967 comprising the balance sheet as at that date with supporting schedule of portfolio of investments, the statements of income, capital redemption reserve fund, paid-in surplus, earned surplus and accumulated profit on sale of investments for the five years then ended, and the statements of unrealized appreciation of investments and changes in net assets for the year then ended, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, the aforementioned statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at March 31, 1967 and the results of its operations for the periods indicated, in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta.

May 1, 1967.

RIDDELL, STEAD, GRAHAM & HUTCHISON

Chartered Accountants

**NATURAL RESOURCES GROWTH FUND LTD.**PORTFOLIO OF INVESTMENTS  
MARCH 31, 1967

COMMON STOCKS	Number of <u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of Total Assets</u>
<u>Mines</u>				
Brenda Mines Ltd. ....	10,000	\$ 78,000	\$ 67,000	0.65
Falconbridge Nickel Mines Ltd. ....	5,000	506,687	457,500	4.36
Leitch Gold Mines Ltd. ....	16,100	88,965	111,895	1.07
Placer Development Ltd. ....	10,000	269,347	325,000	3.10
		<u>942,999</u>	<u>961,395</u>	<u>9.18</u>
<u>Oils—Integrated</u>				
Shell Canada Ltd. ....	23,200	359,835	600,300	5.73
Imperial Oil Limited ....	6,000	363,733	353,250	3.37
		<u>723,568</u>	<u>953,550</u>	<u>9.10</u>
<u>Oils—Exploratory</u>				
Alminex Ltd. ....	34,300	155,608	142,345	1.36
Canadian Export Gas & Oil Ltd. ....	50,000	192,405	187,500	1.79
Central-Del Rio Oils Ltd. ....	24,000	192,120	273,000	2.61
Chieftain Development Co. Ltd. ....	15,000	125,473	98,250	0.93
Great Plains Development Company of Canada, Ltd. ....	7,500	94,775	92,813	0.89
Home Oil Company Limited				
Class A ....	23,100	450,608	496,650	4.74
Class B ....	9,900	224,482	225,225	2.15
Husky Oil Canada Ltd. ....	29,000	237,919	409,625	3.91
Husky Oil Canada Ltd.—Warrants ....	960	—	5,472	0.05
Provo Gas Producers Limited ....	53,333	162,850	338,664	3.23
Union Oil Company of Canada Limited ....	17,500	272,523	612,500	5.85
		<u>2,108,763</u>	<u>2,882,044</u>	<u>27.51</u>



<u>Pipe Lines</u>	<u>Number of Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of Total Assets</u>
Alberta Gas Trunk Line Co. Ltd. —Common “A” .....	5,700	160,397	210,900	2.02
Trans-Canada Pipe Lines Ltd. ....	15,600	343,639	466,050	4.44
Trans Mountain Oil Pipe Line Co. ....	25,200	323,998	441,000	4.21
		<u>828,034</u>	<u>1,117,950</u>	<u>10.67</u>
<u>Pulp and Paper</u>				
Consolidated Paper Corp. Ltd.—Warrants ..	20,000	209,515	196,000	1.88
Total common stocks .....		<u>4,812,879</u>	<u>6,110,939</u>	<u>58.34</u>
PREFERRED STOCKS				
Husky Oil Canada Ltd.—5¾ % cumulative, redeemable, convertible preferred—Series C	4,000	200,000	230,000	2.17
Total common and preferred stocks .....		<u>5,012,879</u>	<u>6,340,939</u>	<u>60.51</u>
DEBENTURES				
	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of Total Assets</u>
Scurry Rainbow Oil Limited 6¼ % convertible subordinate debentures— due 1985 .....	\$ 175,000	\$ 244,000	\$ 218,750	2.08
Husky Oil Canada Ltd. 6¾ % sinking fund debentures—Series B— due 1987 .....	\$ 80,000	80,000	77,200	0.74
		<u>324,000</u>	<u>295,950</u>	<u>2.82</u>
SHORT TERM INVESTMENTS				
Bank deposit receipts .....	\$2,600,000	2,600,000	2,600,000	24.83
Guaranteed investment certificates .....	\$ 500,000	500,000	500,000	4.77
		<u>3,100,000</u>	<u>3,100,000</u>	<u>29.60</u>
TOTAL PORTFOLIO OF INVESTMENTS ...		<u>\$8,436,879</u>	<u>9,736,889</u>	<u>92.93</u>
CURRENT ASSETS LESS CURRENT LIABILITIES .....			740,358	7.07
TOTAL NET ASSETS .....			<u>\$10,477,247</u>	<u>100.00%</u>

NOTE:

Cost of investments, \$8,436,879, is determined on the first-in, first-out basis.

Cost of investments, if determined on the average cost basis, would amount to \$8,380,066.

# NATURAL RESOURCES GROWTH FUND LTD.

(Incorporated under The Companies Act of the Province of Alberta)

Balance Sheet as at March 31, 1967

## ASSETS AND LIABILITIES

	<u>1967</u>	<u>1966</u>
INVESTMENTS, at quoted market values, per schedule		
Common and preferred stocks .....	\$ 6,340,939	\$ 7,165,656
Debentures .....	295,950	37,200
Short term investments .....	3,100,000	1,650,000
	<hr/>	<hr/>
Total investments (cost, first-in, first-out basis, 1967—\$8,436,879; 1966—\$7,034,811) .....	9,736,889	8,852,856
	<hr/>	<hr/>
CURRENT ASSETS		
Cash .....	96,584	554,759
Due from brokers .....	891,203	13,073
Income receivable .....	32,151	23,877
	<hr/>	<hr/>
	1,019,938	591,709
	<hr/>	<hr/>
CURRENT LIABILITIES		
Due to brokers .....	250,269	555,102
Other accounts payable .....	13,086	14,592
Income taxes .....	16,225	1,670
	<hr/>	<hr/>
	279,580	571,364
	<hr/>	<hr/>
Current assets less current liabilities .....	740,358	20,345
	<hr/>	<hr/>
	<hr/>	<hr/>
TOTAL NET ASSETS .....	\$10,477,247	\$ 8,873,201
	<hr/>	<hr/>
NET ASSET VALUE PER SHARE .....	\$6.41	\$5.53
	<hr/>	<hr/>

Approved on behalf of the Board:

(Signed) R. A. BROWN, Jr., Director

(Signed) ROBERT W. CAMPBELL, Director

The accompanying notes are an integral part of the financial statements.



# SHAREHOLDERS' EQUITY

		<u>1967</u>	<u>1966</u>
<b>CAPITAL STOCK</b>			
5% non-voting non-cumulative preference shares of 60 cents par value, redeemable at par			
	Shares		
	<u>1967</u> <u>1966</u>		
Authorized .....	2,500,000	2,500,000	
Issued and redeemed .....	2,096,685	2,096,685	
	<u>403,315</u>	<u>403,315</u>	
Issued and outstanding .....	<u>Nil</u>	<u>Nil</u>	\$ —      \$ —
Common shares of \$1 par value			
Authorized and issued			
1,000 shares .....			1,000      1,000
Special shares of \$1 par value (Note 1)			
	Shares		
	<u>1967</u> <u>1966</u>		
Authorized .....	14,999,000	14,999,000	
Issued for cash .....	3,358,873	3,032,416	
Less redeemed .....	1,724,436	1,428,493	
Outstanding .....	<u>1,634,437</u>	<u>1,603,923</u>	1,634,437      1,603,923
			<u>1,635,437</u> <u>1,604,923</u>
<b>CAPITAL REDEMPTION RESERVE FUND</b>			
arising on redemption of shares (Note 2), per statement attached		2,982,449	2,686,506
PAID-IN SURPLUS, per statement attached .....		792,799	894,678
EARNED SURPLUS, per statement attached .....		101,190	78,899
ACCUMULATED PROFIT ON SALE OF INVESTMENTS, per statement attached .....		3,665,362	1,790,150
UNREALIZED APPRECIATION OF INVESTMENTS, per statement attached .....		1,300,010	1,818,045
		<u>\$10,477,247</u>	<u>\$ 8,873,201</u>

This is the balance sheet referred to in the report of Riddell, Stead, Graham & Hutchison dated May 1, 1967.

# NATURAL RESOURCES GROWTH FUND LTD.

## STATEMENT OF CAPITAL REDEMPTION RESERVE FUND (Note 2) FOR THE FIVE YEARS ENDED MARCH 31, 1967

	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
BALANCE, BEGINNING OF YEAR .....	\$2,686,506	\$2,143,958	\$1,574,128	\$1,097,737	\$ 662,585
Add					
Par value of shares redeemed during the year					
Preference shares .....	—	236,927	261,525	268,994	267,284
Special shares .....	<u>295,943</u>	<u>305,621</u>	<u>308,305</u>	<u>207,397</u>	<u>167,868</u>
BALANCE, END OF YEAR .....	<u>\$2,982,449</u>	<u>\$2,686,506</u>	<u>\$2,143,958</u>	<u>\$1,574,128</u>	<u>\$1,097,737</u>

## STATEMENT OF PAID-IN SURPLUS FOR THE FIVE YEARS ENDED MARCH 31, 1967

	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
BALANCE, BEGINNING OF YEAR .....	\$ 894,678	\$2,489,885	\$3,480,142	\$4,242,980	\$4,021,687
Add					
Proceeds of sale of special shares less \$1 per share credited to capital stock ....	<u>1,632,332</u>	<u>616,317</u>	<u>1,162,203</u>	<u>752,255</u>	<u>1,544,403</u>
	<u>2,527,010</u>	<u>3,106,202</u>	<u>4,642,345</u>	<u>4,995,235</u>	<u>5,566,090</u>
Deduct					
Redemption value of special shares redeemed less \$1 per share charged to capital stock .....	<u>1,433,268</u>	<u>1,422,624</u>	<u>1,332,375</u>	<u>770,964</u>	<u>577,570</u>
Stock dividend .....	—	236,927	261,525	268,994	267,284
Transfer to capital redemption reserve fund (Note 2)					
Preference shares redeemed	—	236,927	261,525	268,994	267,284
Special shares redeemed ..	<u>295,943</u>	<u>305,621</u>	<u>308,305</u>	<u>207,397</u>	<u>167,868</u>
Net dividend equalization adjustment transferred to (from) earned surplus .....	<u>5,000</u>	<u>9,425</u>	<u>(11,270)</u>	<u>(1,256)</u>	<u>43,104</u>
	<u>1,734,211</u>	<u>2,211,524</u>	<u>2,152,460</u>	<u>1,515,093</u>	<u>1,323,110</u>
BALANCE, END OF YEAR .....	<u>\$ 792,799</u>	<u>\$ 894,678</u>	<u>\$2,489,885</u>	<u>\$3,480,142</u>	<u>\$4,242,980</u>

The accompanying notes are an integral part of the financial statement.



# NATURAL RESOURCES GROWTH FUND LTD.

## STATEMENT OF EARNED SURPLUS FOR THE FIVE YEARS ENDED MARCH 31, 1967

	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
BALANCE, BEGINNING OF YEAR .....	\$ 78,899	\$ 66,954	\$ 69,950	\$ 62,262	\$ 49,265
Add					
Net income for year, per statement attached .....	132,871	113,078	130,277	98,608	94,631
Net dividend equalization adjustment transferred from (to) paid-in surplus .....	<u>5,000</u>	<u>9,425</u>	<u>(11,270)</u>	<u>(1,256)</u>	<u>43,104</u>
	216,770	189,457	188,957	159,614	187,000
Deduct					
Cash dividend paid during year (1967, 1966 and 1965—7 cents per share; 1964—5 cents per share; 1963—7 cents per share) .....	<u>115,580</u>	<u>110,558</u>	<u>122,003</u>	<u>89,664</u>	<u>124,738</u>
BALANCE, END OF YEAR .....	<u>\$101,190</u>	<u>\$ 78,899</u>	<u>\$ 66,954</u>	<u>\$ 69,950</u>	<u>\$ 62,262</u>

## STATEMENT OF ACCUMULATED PROFIT ON SALE OF INVESTMENTS FOR THE FIVE YEARS ENDED MARCH 31, 1967

	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
BALANCE, BEGINNING OF YEAR	\$1,790,150	\$ 591,958	\$505,843	\$487,455	\$ (35,635)
Net profit on sale of investments for the year .....	<u>1,875,212</u>	<u>1,198,192</u>	<u>86,115</u>	<u>18,388</u>	<u>523,090</u>
BALANCE, END OF YEAR .....	<u>\$3,665,362</u>	<u>\$1,790,150</u>	<u>\$591,958</u>	<u>\$505,843</u>	<u>\$487,455</u>

# NATURAL RESOURCES GROWTH FUND LTD.

## STATEMENT OF UNREALIZED APPRECIATION OF INVESTMENTS FOR THE YEAR ENDED MARCH 31, 1967

	<u>1967</u>	<u>1966</u>
BALANCE, BEGINNING OF YEAR .....	\$ 1,818,045	\$ 2,565,081
Decrease during the year .....	518,035	747,036
	<hr/>	<hr/>
BALANCE, END OF YEAR .....	<u>\$ 1,300,010</u>	<u>\$ 1,818,045</u>

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 1967

NET ASSETS, BEGINNING OF YEAR .....	\$ 8,873,201	\$ 9,631,456
Add		
Proceeds from sale of special shares .....	1,958,789	753,241
Net profit on sale of investments .....	1,875,212	1,198,192
Net income for year .....	132,871	113,078
	<hr/>	<hr/>
	12,840,073	11,695,967
	<hr/>	<hr/>
Deduct		
Payments on redemption of special shares .....	1,729,211	1,728,245
Payments on redemption of preference shares .....	—	236,927
Cash dividend paid .....	115,580	110,558
Decrease in unrealized appreciation of investments .....	518,035	747,036
	<hr/>	<hr/>
	2,362,826	2,822,766
	<hr/>	<hr/>
NET ASSETS, END OF YEAR .....	<u>\$10,477,247</u>	<u>\$ 8,873,201</u>



# NATURAL RESOURCES GROWTH FUND LTD.

## STATEMENT OF INCOME FOR THE FIVE YEARS ENDED MARCH 31, 1967

	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
INCOME					
Dividends .....	\$141,920	\$188,264	\$189,111	\$146,518	\$138,858
Interest .....	90,935	27,994	20,644	24,898	25,708
	<u>232,855</u>	<u>216,258</u>	<u>209,755</u>	<u>171,416</u>	<u>164,566</u>
EXPENSES					
Management fees .....	46,429	47,302	46,531	42,831	36,802
Custodian, transfer and dividend disbursing agent's fees .....	17,993	20,444	17,643	17,254	20,909
Legal and audit .....	3,408	19,714	4,451	3,235	2,236
Directors' fees and expenses .....	6,085	6,850	2,800	2,800	2,800
Printing, postage and stationery .....	6,933	4,895	4,249	3,572	3,747
Miscellaneous .....	562	880	1,674	1,487	1,277
	<u>81,410</u>	<u>100,085</u>	<u>77,348</u>	<u>71,179</u>	<u>67,771</u>
Income before provision for income taxes .....	151,445	116,173	132,407	100,237	96,795
Provision for income taxes .....	18,574	3,095	2,130	1,629	2,164
NET INCOME .....	<u>\$132,871</u>	<u>\$113,078</u>	<u>\$130,277</u>	<u>\$ 98,608</u>	<u>\$ 94,631</u>

### NOTES TO FINANCIAL STATEMENTS

NOTE 1 The special shares of the company are redeemable at the holder's option at the net asset value per share at the date of redemption. Redeemed shares may not be reissued by the company.

During the year ended March 31, 1967, the company issued 326,457 special shares for \$1,958,789 and redeemed 295,943 special shares for \$1,729,211.

NOTE 2 Pursuant to Section 79 of The Companies Act of the Province of Alberta, the company, on redemption of shares, has created capital redemption reserve fund in amounts equivalent to the par value of shares redeemed.

By amendment, with retroactive effect, to Section 79 of the Act effective April 11, 1967 the company is not required to create such fund. The balance in capital redemption reserve fund has therefore since been transferred to paid-in surplus.

DATED this 20th day of June 1967.

The foregoing constitutes full, true and plain disclosure of all material facts:

- (i) in respect of the offering of securities referred to above as required by the Securities Act (Quebec); by Part X of The Securities Act, 1955 (Alberta); by Section 44 of The Securities Act (Saskatchewan); by Part VII of The Securities Act, 1962 (British Columbia) and by Section 13 of the Securities Act (New Brunswick) and there is no further material information applicable other than in the financial statements or reports where required or exigible, and
- (ii) relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder,

CHIEF EXECUTIVE OFFICER

*(Signed)* R. A. BROWN, Jr.

CHIEF FINANCIAL OFFICER

*(Signed)* ROBERT W. CAMPBELL

DIRECTORS

*(Signed)* J. B. SANGSTER

*(Signed)* M. A. COOPER

*(Signed)* A. M. SHOULTS

*(Signed)* J. ROSS TOLMIE

*(Signed)* G. H. THOMPSON

*(Signed)* DONALD McLAWS

C. A. PIPPY	} <i>(Signed)</i>	
J. L. LEVESQUE		by their agent
F. M. P. McMAHON		Donald McLaws

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario), and the regulations thereunder, by the Securities Act (Quebec), by Part X of The Securities Act, 1955 (Alberta), by Section 44 of The Securities Act (Saskatchewan), by Part VII of The Securities Act, 1962 (British Columbia), and by Section 13 of the Securities Act (New Brunswick) and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

MANAGER

EMPIRE MANAGEMENT LIMITED.

*(Signed)* R. ROSS SMITH





# AR12

**NATURAL RESOURCES  
GROWTH FUND LTD.**



**NATURAL RESOURCES  
GROWTH FUND LTD.**



**PRINCIPAL BUSINESS OFFICE**

304 Sixth Avenue S.W.  
Calgary, Alberta

**MANAGER**

Empire Management Limited  
304 Sixth Avenue S.W.  
Calgary, Alberta

**INVESTMENT COUNSEL**

Touche, Vintcent Investment Consultants Ltd.  
Calgary, Alberta

**REGISTRAR AND TRANSFER AGENT**

Montreal Trust Company  
Halifax, Saint John, Montreal, Toronto  
Winnipeg, Calgary, Vancouver

**CUSTODIAN OF SECURITIES AND  
DIVIDEND DISBURSING AGENT**

Montreal Trust Company

# PROSPECTUS

DATED JUNE 20, 1967

*A copy of this prospectus has been filed with the Registrar of Joint Stock Companies, Alberta.*

*The Fund's portfolio contains both investment and speculative securities of natural resource companies.*

*No Securities Commission or similar authority in Canada has, in any way, passed upon the merits of the securities offered hereunder, and any representation to the contrary is an offence.*

*This prospectus is not to be construed as a public offering of these shares for sale in the United States of America or in the territories or possessions thereof.*



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## THE FUND

Natural Resources Growth Fund Ltd. (the "Fund") is a mutual investment fund incorporated by Memorandum of Association under The Companies Act of Alberta on April 27, 1959 as First Oil & Gas Fund Ltd. The Fund's head and principal office is at 304 Sixth Avenue S.W., Calgary, Alberta.

The Fund was incorporated with an authorized capital of \$2,000,000. This was increased by successive certificates under The Companies Act (Alberta) to \$5,000,000 on April 18, 1961, to \$6,500,000 on March 9, 1962 and to its present authorized capital of \$16,500,000 on January 28, 1966.

On January 28, 1966 by certificate under The Companies Act (Alberta) the name of the Fund was changed from First Oil & Gas Fund Ltd. to Natural Resources Growth Fund Ltd. and the objects of the Fund were amended and expanded.

The authorized capital of the fund at the date of this Prospectus, \$16,500,000, is divided into 1,000 Common Shares, par value \$1.00 each, all of which are issued and outstanding, 14,999,000 Special Shares, par value \$1.00 each, of which 3,760,474.459 have been issued, 2,104,485.817 have been redeemed and 1,655,988.642 are outstanding, and 2,500,000 Preference Shares, par value 60¢ each, of which 2,096,685 have been issued and redeemed and none are outstanding.



## DIRECTORS AND OFFICERS OF THE FUND

The directors and officers of the Fund and their principal occupations during the past five years are as stated below:

ROBERT ARTHUR BROWN, JR. ----- Director and President 2211 - 7th Street S.W., Calgary 3, Alberta	President and Director, Cygnus Corporation Limited, Home Oil Company Limited; Director, Trans-Canada Pipe Lines Limited, Calgary Power Ltd., Crown Trust Company.
ROBERT WILLIAM CAMPBELL ----- Director and Vice-President 3819 - 10th Street S.W., Calgary 6, Alberta	Director and Executive Vice-President, Cygnus Corporation Limited, Home Oil Company Limited; Director, Trans-Canada Pipe Lines Limited.
MARSH ALEXANDER COOPER ----- Director 15 Elm Avenue, Toronto 5, Ontario	Partner, James, Buffam and Cooper; President and Director, McIntyre Porcupine Mines Ltd., McIntyre Coal Mines Ltd., Madeleine Mines Ltd.; Vice-President and Director, The Granby Mining Company Limited; Chairman of the Board and Director, Mogul of Ireland Limited; Director, Granisle Copper Ltd., Falconbridge Nickel Mines Ltd., Jefferson Lake Petrochemicals of Canada Ltd., Home Oil Company Limited, Bridge and Tank Company of Canada Ltd., Crown Life Insurance Company, Betrust Investment Corporation Limited.
JEAN LOUIS LEVESQUE, D.C.Sc. ----- D.P.Ec., LL.D. Director 177 Maplewood Avenue, Outremont, P.Que.	President and Chairman, J. L. Levesque & L. G. Beaubien Ltd., Industrial Life Insurance Company; President, F-I-C Fund Inc., Blue Bonnets Raceway Inc., L. G. Beaubien & J. L. Levesque Inc.; Vice-President, Alfred Lambert Inc., The Acton Shoe Co. Ltd., Fred A. Lallemand & Cie Ltée.; Director, General Trust of Canada, The Provident Assurance Company, Trans-Canada Corporation Fund.
DONALD PRESTON McLAWS, Q.C. ----- Director R.R. No. 1, Midnapore, Alberta	Partner, McLaws and Company (Barristers & Solicitors); Officer & Director, Spalding Hardware Ltd., Haytian American Sugar Company (S.A.), Eau Claire Sawmills Ltd., Calgary Inn Ltd.

FRANCIS MURRAY PATRICK McMAHON Director 2010 S.W. Marine Drive, Vancouver 14, B.C.	Chairman, Westcoast Transmission Company, Limited; Director, Canadian Liquid Air Co. Ltd., a Canadian Chartered Bank, Executive Fund of Canada Ltd., The Royal Bank of Canada Trust Company, Montreal Trust Company, Pacific Petroleums Ltd., Ocean Cement & Supplies Ltd., Weldwood of Canada Limited.
CHESLEY ALWYN PIPPY, LL.D., C.D. .... Director 26 Waterford Bridge, St. John's, Newfoundland	President, The Newfoundland Tractor and Equipment Co. Ltd., North Star Cement Co., Newfoundland Hardwoods Ltd.; Director, Canadian National Railways, a Canadian Chartered Bank.
JOHN BEVERLY SANGSTER ..... Director 2630 McCallum Ave., Regina Saskatchewan	Chairman and Director, Modern Packaging Company Ltd.; President, Mid-West Motors Ltd., Western Auto Leasing; Director, Guaranty Trust Co. of Canada, Home Oil Company Limited.
ARTHUR MILTON SHOULTS ..... Director 37 High Point Rd., Don Mills, Ontario	President and Director, James Lovick Limited; Director, Cygnus Corporation Limited.
GEORGE HARRY THOMPSON, M.C. .... Director 129-26th Avenue S.W., Calgary 3, Alberta	Chairman, Calgary Power Ltd.; Vice-President and Director, Montreal Engineering Company Limited; Director, Trans-Canada Pipe Lines Limited, Home Oil Company Limited.
JOHN ROSS TOLMIE, Q.C. .... Director 597 Mariposa Avenue, Rockcliffe, Ottawa 2, Ontario	Partner, Herridge, Tolmie, Gray, Coyne and Blair (Barristers & Solicitors); Director, Corporation House Ltd., Trans-Canada Pipe Lines Limited, Cygnus Corporation Limited.
RONALD BORDEN COLEMAN ..... Secretary 2710 - 10th Street S.W., Calgary 6, Alberta	Vice-President, Secretary and General Counsel, Home Oil Company Limited; Secretary, Cygnus Corporation Limited.
FRASER GORDON MITCHELL ..... Assistant Secretary 3050 - 2nd Street S.W., Calgary 4, Alberta	Assistant Secretary of Home Oil Company Limited.

## INVESTMENT POLICY

The principal objective of the Fund is to seek above average growth of capital rather than current income. To attain this objective the Fund's investment policy is to specialize in the securities of natural resource companies. The Portfolio of Investments included in this prospectus illustrates this policy. The portfolio will often contain securities of exploration and development companies whose value can be significantly affected by their search for minerals. However, the Fund offers a degree of diversification essential in reducing the risk inherent in securities that may be subject to rapid price changes. The majority of the Fund's investments will be in Canadian companies, however foreign companies may be added to the portfolio if circumstances warrant.

The Fund may invest in either equity or debt securities depending on the considerations prevailing at the time of investment and there is no limitation on the proportion of its assets that can be invested in either type of security. The Fund does not invest in real estate, mortgages or in commodities or commodity future contracts nor does it invest in other mutual funds or for the purpose of exercising control or management. The fund does not underwrite securities. Investments may be made in the securities of investment companies and in evidences of indebtedness issued by the Government of Canada or by any province or municipality in Canada.

## INFORMATION TO SHAREHOLDERS

Shareholders are kept informed as to the securities owned, and how the Fund is being managed in their interests through regular quarterly and annual reports.

## INVESTMENT RESTRICTIONS

Certain investment restrictions have been adopted by the Fund for the protection of the shareholders, but they are sufficiently broad to permit the degree of flexibility necessary to meet changing conditions. The Fund is prohibited from purchasing securities on margin or shortselling securities, it is prohibited from borrowing money or mortgaging or pledging any of its assets except for emergency purposes or to facilitate normal business requirements (which cannot in any event exceed 5% of the Fund's total assets). Securities may not be purchased until they have been approved by the Board of Directors, with the exception of securities issued or guaranteed by Canada or any province. Securities are purchased through normal public market facilities.

The Fund is prohibited from making loans to or utilizing its credit for any officer, director or any other person. It is also prohibited from underwriting or participating in the marketing of securities which are not fully paid and non-assessable.

The Fund is prohibited from purchasing the securities of any issuer (other than those of the Government of Canada or any province or municipality in Canada) if such purchase would cause more than 10% of the Fund's assets to be invested in the securities of that issuer. The Fund is also prohibited from purchasing more than 10% of the outstanding or voting securities of any issuer. The Portfolio of Investments shows the percentage of the assets of the Fund invested in each security in the portfolio. These investment restrictions may not be changed without the approval of the holders of the Common Shares given as required by The Companies Act (Alberta).



## MANAGEMENT AND INVESTMENT ADVISOR

The Fund is managed by Empire Management Limited (the "Manager") of 304 Sixth Avenue S.W., Calgary 1, Alberta. The Manager is the exclusive agent of the Fund for distribution of the Special Shares to the dealers.

The Manager manages the investment and reinvestment of the assets of the Fund and administers the Fund's affairs, all to the extent requested by and subject to the supervision of the Fund's Board of Directors. The Manager has no pre-arrangement, formula or method for allocating the brokerage business arising from purchases and sales of the investment portfolio. Transactions in portfolio securities are always sought where the Manager can get prompt execution of orders at the most favourable prices. The Manager also considers the research and statistical information provided and the relative sales of Special Shares of the Fund by the dealers. During the financial year ended March 31, 1968, Richardson Securities of Canada through its offices across Canada sold 32.76% of the total Special Shares issued by the Fund during such year, and this firm received 52.07% of the brokerage paid in connection with the portfolio securities transactions of the Fund.

During the financial year ended March 31, 1968 the total cost of portfolio securities acquired was \$4,936,415, excluding short-term notes totalling \$27,250,754 which sum includes government securities purchased for a total cost of \$500,000. The total cost of brokerage arrangements for purchases and sales during this period was \$118,532. The total cost of portfolio securities held at the beginning of the financial year was \$8,436,879,

and at the end of the financial year was \$9,656,088.

The Manager provides investment analysis and advice, and has engaged the services of Touche, Vintcent Investment Consultants Ltd. as Investment Counsel. The principals and directors of this firm are Messrs. Rodney Gordon Touche, 707 Prospect Avenue, Calgary 3, Alberta, and Joseph Vintcent, No. 102, 129 - 26 Avenue S.W., Calgary 3, Alberta. Mr. Touche formerly was with Cangro Resources Ltd. and from 1963 until 1965 was Vice-President of that investment company. Mr. Vintcent was employed by Canadian Fina Oil Limited, Mobil Oil of South Africa Ltd., Western Decalta Petroleum Limited and Scurry-Rainbow Oil Ltd. from 1956 to 1964 in various accounting and secretarial capacities. During the latter part of 1964 he was employed by Cangro Resources Ltd. as investment analyst and in 1965 he was employed by Johannesburg Consolidated Investment Company Ltd. where he held the position of senior industrial analyst.

In addition to the foregoing duties, the Manager provides office space in Calgary for the Fund, all office facilities, equipment and clerical personnel necessary for the operation of the Fund (excepting personnel required for keeping the Fund's own books of account), and the Manager arranges for members of its organization to serve without remuneration from the Fund as officers or employees of the Fund. The Fund pays its own taxes and directors' fees and all fees, costs and expenses in connection with keeping its books of account, auditors, legal counsel, custodian, transfer agent and registrar, dividend disbursing agent, brokers' commissions, interest, share certificates and corporate reports and other like miscellaneous expenses. Four agreements dated May 15, 1959, May 7,

1965, June 4, 1965 and January 28, 1966 describe the arrangements between the Fund and the Manager. These arrangements terminate on December 31, 1968 but renew automatically for additional successive 5 year periods unless written notice is given by either the Fund or the Manager 6 months prior to December 31, 1968 or to the expiry of any one of the additional successive 5 year periods. The agreements may be inspected at the Fund's head office during business hours.

Under the terms of these agreements, the Manager is entitled to receive for each fiscal quarter, payable on the last day of such quarter, a fee equal to 1/8 of 1% of the average of the values of the net assets of the Fund as determined as of the close of business on each business day throughout that quarter. The Manager received in this manner \$47,302, \$46,429 and \$54,221 during the financial years ending March 31, 1966, 1967 and 1968 respectively.

#### DIRECTORS AND OFFICERS OF THE MANAGER

The directors and officers of the Manager are associated with Cygnus Corporation Limited and Home Oil Company Limited, Calgary, and are as stated below:

ROBERT ARTHUR BROWN, JR.  
President and Director  
2211 - 7th Street S.W.  
Calgary 3, Alberta

ROBERT WILLIAM CAMPBELL  
Executive Vice-President and Director  
3819 - 10th Street S.W.  
Calgary 6, Alberta

WILLIAM FLEMING JAMES  
Director  
300 Vesta Drive  
Toronto 10, Ontario

WILLIAM TAIT WILKINSON  
Vice-President  
62 Massey Place  
Calgary 9, Alberta

ROBERT LYNN DOLAN  
General Manager  
304 Acadia Drive S.E.  
Calgary 30, Alberta

RONALD BORDEN COLEMAN  
Secretary  
2710 - 10th Street S.W.  
Calgary 6, Alberta

BARTLETT BIDWELL ROMBOUGH  
Treasurer  
7816 Chardie Road S.W.  
Calgary 9, Alberta

GRAHAM WALLACE BENNETT  
Assistant Treasurer  
1315 - 75th Avenue S.W.  
Calgary 9, Alberta

FRASER GORDON MITCHELL  
Assistant Secretary  
3050 - 2nd Street S.W.  
Calgary 6, Alberta

KEES BAIS  
Assistant Secretary  
223 - 64th Avenue N.W.  
Calgary 47, Alberta

Mr. Brown, Mr. Campbell, Mr. Coleman and Mr. Mitchell are also directors and/or officers of the Fund and their business experience has been described elsewhere in this prospectus. Dr. James is a partner in the firm of James, Buffam and Cooper (Consulting Geologists), and a director and/or officer of many Canadian companies including Canadian Gas and Energy Fund Ltd., Canadian Security Underwriters Growth Fund Limited, a Canadian Chartered Bank, National Trust Company Limited, Falconbridge Nickel Mines Ltd., Templeton Growth Fund Limited. Mr. Wilkinson is Vice-President Marketing of Home Oil Company Limited having joined that company in 1963. Prior to that time he was Vice-President and Managing Director of Merit Insurance Company. Mr. Robert Lynn Dolan has been employed by the Manager (Empire Management Limited) since 1966 as General Sales Manager. He was appointed General Manager in 1968. Before joining Empire Management, Mr. Dolan was a partner and director of a member firm of The Investment Dealers Association of Canada. He is a member of the Winnipeg Society of Financial Analysts and a registered investment counsel in the province of Alberta. Mr. Rombough has been employed by Home Oil Company Limited since 1955 and was appointed Assistant Treasurer in 1963 and Treasurer in 1965. He is also Treasurer of Cygnus Corporation Limited. Mr. Bennett has been employed by Home Oil Company Limited since 1958 and was appointed Chief Accountant in 1959 and Comptroller in 1966. He is also Assistant Treasurer of Cygnus Corporation Limited. Mr. Kees Bais has been employed by the Manager since 1967 as Office Manager and was recently appointed Assistant Secretary. He was employed by Home Oil Company Limited as an accountant from 1959 until 1967.

SPECIAL SHARES

This prospectus offers for sale throughout Canada the Special Shares of the Fund. The number of Special Shares offered by this prospectus is 11,238,525.541. The Fund will be continuously selling the Special Shares throughout the life of this prospectus.

The Fund does not propose to issue securities other than the Special Shares.

BUYING SHARES

Whole and fractional Special Shares may be bought for cash each business day. Since the Fund issues fractional shares any amount of dollars may be invested. The public offering price of the Special Shares is the asset value per Special Share plus a sales commission.

The asset value for each Special Share offered is determined by dividing the number of outstanding Special and Common Shares into the net asset value of the Fund. (See "Determining the Asset Value" below).

The sales commission is a variable percentage determined by the amount of the purchase as follows:

<u>Amount of Purchase</u>	<u>% of Public Offering Price</u>
Less than \$25,000 .....	8.5%
\$ 25,000 or more but less than \$ 50,000	7.5%
\$ 50,000 or more but less than \$100,000	5.5%
\$100,000 or more but less than \$250,000	4.0%
\$250,000 or more but less than \$500,000	2.5%
\$500,000 or more .....	1.0%



The shareholder may take advantage of lower sales commission rates:

- (a) by combining purchases made by himself with purchases for or by his spouse and children under age 21;
- (b) as a trustee or other fiduciary purchasing for a single trust estate or fiduciary account;
- (c) as his cumulative dollar total of purchases rises to exceed any discount bracket;
- (d) by undertaking through a Letter of Investment Intention to make purchases amounting to \$25,000 or more within a period of thirteen months, provided that he still owns the shares so purchased at the end of the period.

## WHERE TO BUY SHARES

Special Shares are available through any registered Canadian mutual fund broker or dealer, investment dealer or stock broker (the "dealers"). The Special Shares are sold to the dealers and the dealers in turn sell the Special Shares to the public at the public offering price.

The dealers receive such portion of the sales commissions referred to above as is set forth in the Manager's form of contract which the dealers enter into or have entered into with the Manager. The Manager receives the balance of the sales commissions.

## VOLUNTARY SAVINGS PLAN

For the convenience of individuals who wish to accumulate Special Shares systematically, the Fund has introduced a Voluntary Savings Plan. This plan is voluntary and can be discontinued by the shareholder without cost or penalties at any time. Under this plan Special Shares are purchased at the public

offering price and are held in trust by Montreal Trust Company, Calgary (Custodian), until the shareholder requests delivery of the certificates. Any dividends paid on these Special Shares while held by the Custodian will be automatically reinvested in additional Special Shares without charge. Confirmation of each purchase will be sent to the shareholder together with notification of the purchase price and the number of Special Shares, whole and fractional, purchased for his account.

## REGISTERED RETIREMENT SAVINGS PLAN

Individuals may purchase shares of the Fund in conjunction with a registered retirement savings plan under the Income Tax Act (Canada) by making application to Montreal Trust Company, as Trustee, for such a plan and by making an initial deposit. The amount deposited under such a plan may be deducted from income for income tax purposes to the extent permitted by the Income Tax Act. At the date hereof the maximum amount deductible in any year by a taxpayer who does not belong to an employee's registered pension fund or plan (as defined in such Act) is the lesser of \$2,500 or 20% of his earned income for such year. If the taxpayer does belong to such a fund or plan, he can claim only the amount remaining after deducting his allowable contributions to such fund or plan from the lesser of \$1,500 or 20% of his earned income. All deposits are used to purchase shares of the Fund at the public offering price. Such investment is voluntary and can be discontinued at any time at the individual's option, but upon termination the shareholder loses the benefit of the above mentioned section of the Income Tax Act and unless an annuity is acquired as provided in such act, income tax may be assessed.

## DIVIDENDS

During the preceding five fiscal years the Fund has declared dividends, per share, as follows:

1968 .....	9¢
1967 .....	7¢
1966 .....	7¢
1965 .....	7¢
1964 .....	5¢

Stock dividends of one Preference Share (par value 60¢) for each four Special and each four Common Shares outstanding were declared during each of the financial years prior to 1967, and were redeemed in the year issued. The Directors have discontinued the practice of declaring stock dividends. It should be noted that a Systematic Withdrawal Plan is now available for those shareholders who require income in excess of that available from the annual dividends.

The Directors anticipate that the Fund will continue to pay dividends on an annual basis totalling approximately the net income earned during each year.

## INCOME TAX CREDITS

The Fund's annual dividends, including dividends reinvested, are taxable under The Income Tax Act (Canada) but are eligible for the 20% tax credit allowed to individual Canadian taxpayers.

## REINVESTMENT OF DIVIDENDS

Annual dividend payments may be automatically reinvested in additional whole and fractional Special Shares of the Fund at net asset value by completing a Dividend Reinvestment Authorization.

Following each dividend payment date Montreal Trust Company will forward a statement showing the total dividends earned and

the number of whole and fractional shares purchased. Shares are held in trust by Montreal Trust Company.

Shareholders may receive certificates covering the shares held in their account at any time, by advising Montreal Trust Company, Calgary.

During the past five completed financial years there has been reinvested in the Fund in this manner the sum of \$735,851.46.

## REDEMPTIONS

Holders of Special Shares may redeem their shares at any time by delivering their share certificates in proper form for transfer to Montreal Trust Company, Calgary, with a written request for redemption. Dealers frequently act as agents for their customers in effecting this delivery. To the extent that the Fund has on hand assets including its capital, shareholders will receive the asset value of their shares as of the close of business on the first business day after the day of deposit. Payment will normally be made within five business days after the deposit of the share certificates.

## SYSTEMATIC WITHDRAWAL PLAN

Holders of Special Shares may enter into an arrangement with Montreal Trust Company, Calgary (Custodian), whereby Special Shares transferred to the Custodian in trust for the holder are redeemed to provide for stated monthly, quarterly or annual cash payments to the holder. The number of shares that have to be redeemed to meet the desired payout may vary from time to time depending upon the net asset value of the shares at the time of redemption. The fees chargeable by the Custodian are at the following rates:

\$1.00 per monthly or quarterly payment;  
\$2.50 per annual payment;  
\$1.50 for each partial withdrawal of shares;  
\$2.50 upon termination of the agreement.

**If the withdrawals are in excess of dividend income from the Fund and net capital appreciation, it may result in encroachment on or possible exhaustion of the shareholder's original capital.**

## INCOME TAX ON REDEMPTION

Under the Income Tax Act (Canada), redemption of any Special Share at a time when the Fund has undistributed income on hand will result in a dividend being deemed to have been received by the holder of such Special Share which will normally be equal to the holder's portion of such undistributed income then on hand. Such deemed dividend is taxable but is eligible for the 20% tax credit allowed to individual Canadian taxpayers.

## TAX STATUS OF FUND

The Fund is taxed as an ordinary Canadian corporation. Under the Income Tax Act (Canada) income receipts of the Fund are taxed and capital receipts are not taxed. In the financial year ending March 31, 1968 the Fund did not qualify as an investment company under Section 69 of The Income Tax Act.

## DETERMINING THE ASSET VALUE

The asset value of each Special Share of the Fund is determined by the Board of Directors who may delegate this function, and in practice it is done by the Manager. This calculation is made at the close of business on each

day when the Toronto Stock Exchange is open and is accomplished by dividing the market value of all portfolio securities plus other assets, less liabilities, by the number of Special and Common Shares outstanding. Once calculated this asset value normally remains in effect throughout the next business day, and is used to determine the public offering price and the redemption price of the Special Shares. The right is reserved, however, to determine the asset value at any other time of day when the Toronto Stock Exchange is open and to fix the hour of that day when the new asset value will become effective. This determination may be made either by appraisal or by calculation or estimate, and its purpose would be to reflect fairly for the protection of shareholders any changes in asset value arising from market fluctuations. Any asset value once determined remains effective until a new asset value is determined and becomes effective.

In determining the asset value per Special Share (i) portfolio securities traded on the Toronto Stock Exchange are valued either as of the close of business at the last sale price or, if no sale, then at a price not higher than the closing asked price and not lower than the closing bid price, or at other times on the basis of the latest available quotations; (ii) portfolio securities not traded on the Toronto Stock Exchange are appraised as nearly as possible in the manner described in clause (i) when they are traded on some other exchange; (iii) portfolio securities traded on more than one stock exchange are appraised on the basis of the quotations on the selected exchange; and (iv) all other portfolio securities for which no price quotations are available are appraised at fair value in the best judgment of the Board of Directors. The Board of Directors may also permit over-the-counter rather than stock exchange quo-



tations to be used when these appear to reflect more closely the fair value of any particular portfolio security.

The Board of Directors has the authority to suspend the calculation of asset value for up to 7 days if the Toronto or Montreal Stock Exchanges are closed for other than customary weekend and/or holiday closings, if trading on these exchanges is restricted or should an emergency exist as a result of which it would not be reasonably practicable either to dispose of portfolio securities or to determine fairly the asset value.

## SHARE CONDITIONS

The Special Shares rank equally share for share, with the Common Shares (of which there are 1,000 all issued and outstanding) in dividend participation (see "Dividends") or distribution of capital. The Common Shares are the voting shares and cannot be redeemed. The Special Shares are normally non-voting shares but become voting shares if the Fund is in default in their redemption. Holders of Special Shares do not receive notice of and may not attend shareholders' meetings unless by law or as provided below there are matters upon which they are required to vote.

The Fund may not, except with the approval of the holders of the Special Shares, (i) create or issue any shares ranking prior to the Special Shares, (ii) voluntarily go into liquidation or be voluntarily dissolved, (iii) redeem, purchase, reduce or otherwise pay off any shares of its capital stock, except the Special Shares, or except out of the proceeds of another issue of its capital stock or (iv) repeal, amend or otherwise alter any of these provisions or any other provisions affecting the Special Shares such as those described under "Redemptions" or "Determining the Asset Value."

When the holders of the Special Shares are required to approve any matter, the requisite meeting needs a quorum of  $\frac{1}{2}$  of the then outstanding Special Shares present in person or represented by proxy, and  $\frac{3}{4}$  of the votes cast are needed to accomplish the approval, provided that if a quorum is not present within one-half hour of the appointed time the meeting will be adjourned to a later date of which at least 10 days' notice must be given, and at any such adjourned meeting the above quorum is not required and  $\frac{3}{4}$  of the votes cast will accomplish the approval.

The Fund is permitted from time to time to increase the number of authorized Common or Special Shares by appropriate corporate action without the approval of the holders of the Special Shares.

Holders of the Preference Shares of the Fund, of which at present none are issued and outstanding and none are intended to be issued, are entitled to a non-cumulative dividend of 5% per annum and, on dissolution of the Fund, to the repayment of the capital paid up on the Preference Shares in priority to any dividends and return of capital respectively payable on all other shares of the Fund. The last issue of Preference Shares was on March 8, 1966 when 394,878.413 Preference Shares were issued as a dividend and immediately redeemed.

## CUSTODIAN

All cash and securities owned by the Fund are held by Montreal Trust Company, as Custodian at its principal office in Calgary, 522 Eighth Avenue S.W., Calgary, Alberta. Upon the instructions of any one officer or any two directors of the Manager, the Custodian makes payment for securities purchased by the Fund against delivery thereof, and makes delivery of securities disposed of by

the Fund against payment therefor. The Custodian also collects all income and pays all dividends of the Fund. The fees payable to the Custodian by the Fund are determined by agreement between the Fund and the Custodian. It is estimated that they will amount to approximately \$22,000 for the year ending March 31, 1969.

## AUDITORS

The auditors of the Fund are Messrs. Riddell, Stead, Graham & Hutchison, 407 - 8th Avenue S.W., Calgary, Alberta.

## REGISTRAR AND TRANSFER AGENT

The Registrar and Transfer Agent for the Special Shares of the Fund is Montreal Trust Company at the following offices:

VANCOUVER, BRITISH COLUMBIA  
466 Howe Street

CALGARY, ALBERTA  
522 - 8th Avenue S.W.

WINNIPEG, MANITOBA  
Notre Dame at Albert St.

TORONTO, ONTARIO  
15 King Street West

MONTREAL, QUEBEC  
777 Dorchester Blvd. W.

SAINT JOHN, NEW BRUNSWICK  
43 King Street

HALIFAX, NOVA SCOTIA  
1695 Hollis Street

The Fund acts as its own Registrar and Transfer Agent for the Common Shares and Preference Shares.

## PRINCIPAL HOLDERS OF SECURITIES

The Manager owns beneficially all of the Common (voting) Shares of the Fund and also holds of record all of these shares excepting one qualifying Common Share held of record by each of the Fund's eleven directors.

Cygnus Corporation Limited, 304 Sixth Avenue S.W., Calgary, Alberta owns beneficially all of the issued and outstanding Common (voting) Shares of the Manager and also holds of record all of these shares excepting one qualifying Common Share held of record by each of the Manager's three directors.

At the date of this Prospectus the directors and/or officers of the Fund and the Manager as a group beneficially own 70.64% of the issued and outstanding Class B (voting) Shares of Cygnus Corporation Limited.

## REMUNERATION OF DIRECTORS AND OFFICERS

The Articles of Association of the Fund provide that the directors shall be paid by way of remuneration for their services such sums as the Fund may in general meeting from time to time determine. During the last financial year ending March 31, 1968 remuneration of \$500.00 for each of the Fund's 11 directors (thus totalling \$5,500.00) accrued and is now to be paid. It is anticipated that at the Fund's forthcoming annual meeting, the same remuneration will be approved for the financial year ending March 31, 1969. During the last financial year the aggregate remuneration paid to directors was \$5,741.00, this amount having accrued during the preceding financial year. The directors are also paid their traveling expenses of attending and returning from general meetings or

meetings of the Board or in connection with other business of the Fund. The Articles of Association also provide that additional remuneration may be paid to directors for special services which, in the opinion of the Board, render inadequate the ordinary remuneration.

The officers of the Fund receive no remuneration since they are provided by the Manager by arrangement.

It is intended that directors, officers and employees of the Manager, Cygnus Corporation Limited and associated companies shall be permitted to purchase Special Shares of the Fund up to a total cost of \$5,000.00 in any calendar year as a personal investment with a sales commission of 1% of the public offering price.

#### PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The attention of persons and companies who purchase any of the securities offered by this prospectus in the Provinces of Ontario, Saskatchewan or Alberta is drawn to certain provisions of The Securities Act, 1966 (Ontario), The Securities Act, 1967 (Saskatchewan) and The Securities Act, 1967 (Alberta) which permit such purchasers except in certain events:

- (a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent; and

- (b) to rescind the agreement of purchase by institution of legal proceedings within ninety days from the date of receipt or deemed receipt of the prospectus or an amended prospectus by the purchaser or his agent or the date of the agreement of purchase, whichever is later, if such prospectus or amended prospectus, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of such provisions is contained in Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan) and Sections 63 and 64 of The Securities Act, 1967 (Alberta).

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser (other than a company) has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus together with financial statements and reports and summaries of reports relating to the Securities as filed with the British Columbia Securities Commission was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the



expiration of three months from the date of service of such notice.

- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances

in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

## AUDITORS' REPORT

To the Shareholders

NATURAL RESOURCES GROWTH FUND LTD.

We have examined the balance sheet of Natural Resources Growth Fund Ltd. as at March 31, 1968 with supporting schedule of portfolio of investments and the statements of income, paid-in surplus, earned surplus, accumulated profit on sale of investments, unrealized appreciation of investments and changes in net assets for the five years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at March 31, 1968 and the results of its operations for the five years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta  
April 19, 1968.

RIDDELL, STEAD, GRAHAM & HUTCHISON  
Chartered Accountants

**NATURAL RESOURCES GROWTH FUND LTD.**  
**PORTFOLIO OF INVESTMENTS**  
**MARCH 31, 1968**

COMMON STOCKS	<u>Number of Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of Total Assets</u>
<b>MINES</b>				
Canada Tungsten Mining Corporation Limited .....	35,000	\$ 93,839	\$ 85,050	.79%
Falconbridge Nickel Mines Limited ..	5,000	506,687	472,500	4.41
The Granby Mining Company Limited ..	1,200	43,776	87,150	.81
Leitch Gold Mines Limited .....	10,000	64,578	105,000	.98
Mattagami Lake Mines Limited	12,000	180,860	160,500	1.50
Newconex Holdings Ltd. ....	30,000	173,134	213,000	1.99
Peace River Mining & Smelting Ltd.	15,000	91,862	56,250	.52
Placer Development Limited .....	15,000	427,126	435,000	4.06
		<u>1,581,862</u>	<u>1,614,450</u>	<u>15.06</u>
<b>OILS - Integrated and Exploratory</b>				
Alminex Limited .....	50,000	238,763	222,500	2.07
Ashland Oil & Refining Company ....	10,000	376,277	373,750	3.49
British American Oil Company Limited	10,000	369,279	353,750	3.30
Canadian Petrofina Limited .....	15,000	246,308	213,750	1.99
Home Oil Company Limited				
Class A .....	7,000	184,555	133,875	1.25
Class B .....	33,000	778,134	639,375	5.96
Husky Oil Canada Ltd. ....	40,000	413,067	850,000	7.93
Imperial Oil Limited .....	6,000	363,733	351,000	3.27
Ranger Oil (Canada) Ltd. ....	22,500	87,509	74,250	.69
Shell Canada Limited .....	20,000	313,509	522,500	4.87
Triad Oil Co. Ltd. ....	50,000	129,429	115,000	1.07
Union Oil Company of Canada Limited	20,000	401,155	885,000	8.26
		<u>3,901,718</u>	<u>4,734,750</u>	<u>44.15</u>
<b>PIPE LINES</b>				
Trans-Canada Pipe Lines Ltd. ....	15,600	343,639	382,200	3.56
<b>PULP AND PAPER</b>				
MacMillan Bloedel Limited .....	8,000	229,100	154,000	1.44
The Price Company Limited .....	8,500	87,100	74,375	.69
		<u>316,200</u>	<u>228,375</u>	<u>2.13</u>
Total common stocks .....		6,143,419	6,959,775	64.90

	<u>Number of Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of Total Assets</u>
PREFERRED STOCKS				
Canadian Pacific Investments Limited 4 $\frac{3}{4}$ % cumulative, redeemable, convertible preferred - Series A .....	20,000	<u>426,250</u>	<u>420,000</u>	<u>3.92</u>
Total common and preferred stocks		<u>6,569,669</u>	<u>7,379,775</u>	<u>68.82</u>
 <u>Par Value</u>				
DEBENTURES				
Peace River Mining & Smelting Ltd. 7 $\frac{1}{2}$ % convertible debentures - Series A - due 1983 .....	\$ 150,000	<u>150,000</u>	<u>133,500</u>	<u>1.25</u>
SHORT TERM INVESTMENTS				
Bank deposit receipts .....	\$2,936,419	<u>2,936,419</u>	<u>2,936,419</u>	<u>27.38</u>
TOTAL PORTFOLIO OF INVESTMENTS ..		<u><u>\$9,656,088</u></u>	10,449,694	97.45
CURRENT ASSETS LESS CURRENT				
LIABILITIES .....			<u>273,901</u>	<u>2.55</u>
TOTAL NET ASSETS .....			<u><u>\$10,723,595</u></u>	<u>100.00%</u>

NOTE:

Cost of investments, \$9,656,088, is determined on the first-in, first-out basis.

Cost of investments, if determined on the average cost basis, would amount to \$9,636,078.



**NATURAL RESOURCES GROWTH FUND LTD.**

(Incorporated under the Companies Act of the Province of Alberta)

**BALANCE SHEET AS AT MARCH 31, 1968****ASSETS AND LIABILITIES**

	<u>1968</u>	<u>1967</u>
INVESTMENTS, at quoted market values, per schedule		
Common and preferred stocks .....	\$ 7,379,775	\$ 6,340,939
Debentures .....	133,500	295,950
Short term investments .....	2,936,419	3,100,000
	<hr/>	<hr/>
Total investments (cost, first-in, first-out basis, 1968 - \$9,656,088; 1967 - \$8,436,879) .....	10,449,694	9,736,889
	<hr/>	<hr/>
CURRENT ASSETS		
Cash .....	249,967	96,584
Due from brokers .....	75,941	891,203
Income receivable .....	33,572	32,151
	<hr/>	<hr/>
	359,480	1,019,938
	<hr/>	<hr/>
CURRENT LIABILITIES		
Due to brokers .....	35,487	250,269
Other accounts payable .....	20,192	13,086
Income taxes .....	29,900	16,225
	<hr/>	<hr/>
	85,579	279,580
	<hr/>	<hr/>
Current assets less current liabilities .....	273,901	740,358
	<hr/>	<hr/>
TOTAL NET ASSETS .....	\$10,723,595	\$10,477,247
	<hr/>	<hr/>
NET ASSET VALUE PER SHARE .....	\$6.59	\$6.41
	<hr/>	<hr/>

Approved on behalf of the Board:

(Signed) G. H. THOMPSON, Director

(Signed) ROBERT W. CAMPBELL, Director

The accompanying notes are an integral part of this financial statement.

# SHAREHOLDERS' EQUITY

		<u>1968</u>	<u>1967</u>
<b>CAPITAL STOCK</b>			
5% non-voting non-cumulative preference shares of 60 cents par value, redeemable at par			
	Shares		
	<u>1968</u>	<u>1967</u>	
Authorized .....	2,500,000	2,500,000	
Issued and redeemed .....	2,096,685	2,096,685	
	<u>403,315</u>	<u>403,315</u>	
Issued and outstanding .....	<u>Nil</u>	<u>Nil</u>	\$ — \$ —
Common shares of \$1 par value			
Authorized and issued			
1,000 shares .....			1,000 1,000
Special shares of \$1 par value (Note 1)			
	Shares		
	<u>1968</u>	<u>1967</u>	
Authorized .....	14,999,000	14,999,000	
Issued for cash .....	3,681,453	3,358,873	
Less redeemed .....	2,055,362	1,724,436	
Outstanding .....	<u>1,626,091</u>	<u>1,634,437</u>	1,626,091 1,634,437
			<u>1,627,091</u> <u>1,635,437</u>
PAID-IN SURPLUS, per statement attached .....		3,800,685	3,775,248
EARNED SURPLUS, per statement attached .....		157,832	101,190
ACCUMULATED PROFIT ON SALE OF INVESTMENTS, per statement attached .....		4,344,381	3,665,362
UNREALIZED APPRECIATION OF INVESTMENTS, per statement attached .....		793,606	1,300,010
		<u>\$10,723,595</u>	<u>\$10,477,247</u>

# NATURAL RESOURCES GROWTH FUND LTD.

## STATEMENT OF PAID-IN SURPLUS FOR THE FIVE YEARS ENDED MARCH 31, 1968

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
BALANCE, BEGINNING OF YEAR .....	\$3,775,248	\$3,581,184	\$4,633,843	\$5,054,270	\$5,340,717
Add					
Proceeds of sale of special shares less \$1 per share credited to capital stock ..	<u>1,956,078</u>	<u>1,632,332</u>	<u>616,317</u>	<u>1,162,203</u>	<u>752,255</u>
	<u>5,731,326</u>	<u>5,213,516</u>	<u>5,250,160</u>	<u>6,216,473</u>	<u>6,092,972</u>
Deduct					
Redemption value of special shares redeemed less \$1 per share charged to capital stock .....	<u>1,922,106</u>	<u>1,433,268</u>	<u>1,422,624</u>	<u>1,332,375</u>	<u>770,964</u>
Stock dividend .....	<u>—</u>	<u>—</u>	<u>236,927</u>	<u>261,525</u>	<u>268,994</u>
Net dividend equalization adjustment transferred to (from) earned surplus .....	<u>8,535</u>	<u>5,000</u>	<u>9,425</u>	<u>(11,270)</u>	<u>(1,256)</u>
	<u>1,930,641</u>	<u>1,438,268</u>	<u>1,668,976</u>	<u>1,582,630</u>	<u>1,038,702</u>
BALANCE, END OF YEAR .....	<u>\$3,800,685</u>	<u>\$3,775,248</u>	<u>\$3,581,184</u>	<u>\$4,633,843</u>	<u>\$5,054,270</u>

The accompanying notes are an integral part of this financial statement



# NATURAL RESOURCES GROWTH FUND LTD.

## STATEMENT OF EARNED SURPLUS FOR THE FIVE YEARS ENDED MARCH 31, 1968

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
BALANCE, BEGINNING OF YEAR ....	\$ 101,190	\$ 78,899	\$ 66,954	\$ 69,950	\$ 62,262
Add					
Net income for year, per statement attached .....	193,810	132,871	113,078	130,277	98,608
Net dividend equalization adjustment transferred from (to) paid-in surplus .....	8,535	5,000	9,425	(11,270)	(1,256)
	<u>303,535</u>	<u>216,770</u>	<u>189,457</u>	<u>188,957</u>	<u>159,614</u>
Deduct					
Cash dividend paid during year (1968 - 9 cents per share; 1967, 1966 and 1965 - 7 cents per share; 1964 - 5 cents per share) .....	<u>145,703</u>	<u>115,580</u>	<u>110,558</u>	<u>122,003</u>	<u>89,664</u>
BALANCE, END OF YEAR .....	<u><u>\$ 157,832</u></u>	<u><u>\$ 101,190</u></u>	<u><u>\$ 78,899</u></u>	<u><u>\$ 66,954</u></u>	<u><u>\$ 69,950</u></u>

## STATEMENT OF ACCUMULATED PROFIT ON SALE OF INVESTMENTS FOR THE FIVE YEARS ENDED MARCH 31, 1968

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
BALANCE, BEGINNING OF YEAR ....	\$3,665,362	\$1,790,150	\$ 591,958	\$505,843	\$487,455
Net profit on sale of investments for the year .....	<u>679,019</u>	<u>1,875,212</u>	<u>1,198,192</u>	<u>86,115</u>	<u>18,388</u>
BALANCE, END OF YEAR .....	<u><u>\$4,344,381</u></u>	<u><u>\$3,665,362</u></u>	<u><u>\$1,790,150</u></u>	<u><u>\$591,958</u></u>	<u><u>\$505,843</u></u>

**NATURAL RESOURCES GROWTH FUND LTD.**

**STATEMENT OF UNREALIZED APPRECIATION OF INVESTMENTS  
FOR THE FIVE YEARS ENDED MARCH 31, 1968**

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
BALANCE BEGINNING OF YEAR .....	\$ 1,300,010	\$ 1,818,045	\$ 2,565,081	\$ 1,191,322	\$ 458,310
Increase (decrease) during the year .....	(506,404)	(518,035)	(747,036)	1,373,759	733,012
BALANCE, END OF YEAR ..	<u>\$ 793,606</u>	<u>\$ 1,300,010</u>	<u>\$ 1,818,045</u>	<u>\$ 2,565,081</u>	<u>\$1,191,322</u>

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FIVE YEARS ENDED MARCH 31, 1968**

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
NET ASSETS, BEGINNING OF YEAR .....	\$10,477,247	\$ 8,873,201	\$ 9,631,456	\$ 8,645,135	\$8,175,735
Add					
Proceeds from sale of special shares .....	2,278,658	1,958,789	753,241	1,420,378	956,410
Net profit on sale of investments .. .. .	679,019	1,875,212	1,198,192	86,115	18,388
Net income for year .....	193,810	132,871	113,078	130,277	98,608
Increase in unrealized appreciation of investments .....	—	—	—	1,373,759	733,012
	<u>13,628,734</u>	<u>12,840,073</u>	<u>11,695,967</u>	<u>11,655,664</u>	<u>9,982,153</u>
Deduct					
Payments on redemption of special shares .....	2,253,032	1,729,211	1,728,245	1,640,680	978,360
Payments on redemption of preference shares .....	—	—	236,927	261,525	268,994
Cash dividend paid .....	145,703	115,580	110,558	122,003	89,664
Decrease in unrealized appreciation of investments .. .. .	506,404	518,035	747,036	—	—
	<u>2,905,139</u>	<u>2,362,826</u>	<u>2,822,766</u>	<u>2,024,208</u>	<u>1,337,018</u>
NET ASSETS, END OF YEAR ..	<u>\$10,723,595</u>	<u>\$10,477,247</u>	<u>\$ 8,873,201</u>	<u>\$ 9,631,456</u>	<u>\$8,645,135</u>

**NATURAL RESOURCES GROWTH FUND LTD.**  
**STATEMENT OF INCOME**  
**FOR THE FIVE YEARS ENDED MARCH 31, 1968**

INCOME	1968	1967	1966	1965	1964
Dividends .....	\$177,988	\$141,920	\$188,264	\$189,111	\$146,518
Interest .....	159,576	90,935	27,994	20,644	24,898
	<u>337,564</u>	<u>232,855</u>	<u>216,258</u>	<u>209,755</u>	<u>171,416</u>
EXPENSES					
Accounting services .....	4,705	—	—	—	—
Management fees .....	54,221	46,429	47,302	46,531	42,831
Custodian, transfer and dividend disbursing agent's fees .....	20,795	17,993	20,444	17,643	17,254
Legal and audit .....	10,514	3,408	19,714	4,451	3,235
Directors' fees and expenses .....	5,741	6,085	6,850	2,800	2,800
Printing, postage and stationery .....	6,062	6,933	4,895	4,249	3,572
Miscellaneous .....	2,234	562	880	1,674	1,487
	<u>104,272</u>	<u>81,410</u>	<u>100,085</u>	<u>77,348</u>	<u>71,179</u>
Income before provision for income taxes .....	233,292	151,445	116,173	132,407	100,237
Provision for income taxes .....	39,482	18,574	3,095	2,130	1,629
NET INCOME .....	<u>\$193,810</u>	<u>\$132,871</u>	<u>\$113,078</u>	<u>\$130,277</u>	<u>\$ 98,608</u>

**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 1968**

NOTE 1 The special shares of the company are redeemable at the holders' option at the net asset value per share at the date of redemption. Redeemed shares may not be reissued by the company. During the year ended March 31, 1968, the company issued 322,580 special shares for \$2,278,658 and redeemed 330,926 special shares for \$2,253,032.

NOTE 2 Prior to April 11, 1967 and pursuant to Section 79 of The Companies Act of the Province of Alberta, the company, on redemption of shares, created capital redemption reserve fund in amounts equivalent to the par value of shares redeemed.

By amendment, with retroactive effect, to Section 79 of the Act effective April 11, 1967 the company is not required to create such fund. The balance in capital redemption reserve fund has therefore been transferred to paid-in surplus. Figures for 1967 and prior years have been restated in the financial statements to reflect the foregoing.

NOTE 3 During the five years ended March 31, 1968 the company purchased and sold portfolio securities as follows:

	1968	1967	1966	1965	1964
Cost of purchases					
Short term notes .....	\$27,250,754	\$10,050,000	\$ 7,351,072	\$ —	\$ 25,000
Other securities .....	4,936,415	3,322,622	1,477,790	722,750	296,916
Total .....	<u>\$32,187,169</u>	<u>\$13,372,622</u>	<u>\$ 8,828,862</u>	<u>\$ 722,750</u>	<u>\$321,916</u>
Proceeds from sales					
Short term notes .....	\$27,414,335	\$ 8,600,000	\$ 5,701,072	\$ —	\$375,000
Other securities .....	4,232,645	5,245,766	4,346,792	1,194,691	221,073
Total .....	<u>\$31,646,980</u>	<u>\$13,845,766</u>	<u>\$10,047,864</u>	<u>\$1,194,691</u>	<u>\$596,073</u>



DATED this 17th day of June, 1968.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by The Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or other reports where required or exigible as contained herein.

CHIEF EXECUTIVE OFFICER

(Signed) R. A. BROWN, Jr.

CHIEF FINANCIAL OFFICER

(Signed) ROBERT W. CAMPBELL

DIRECTORS

(Signed) R. A. BROWN, Jr.

(Signed) ROBERT W. CAMPBELL

(Signed) DONALD McLAWS

(Signed) A. M. SHOULTS

M. A. COOPER

J. L. LEVESQUE

F. M. P. McMAHON

C. A. PIPPY

J. B. SANGSTER

J. R. TOLMIE

G. H. THOMPSON

(Signed)  
by their  
agent

DONALD McLAWS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act 1966 (Ontario) and the regulations thereunder, by The Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible as contained herein.

MANAGER

EMPIRE MANAGEMENT LIMITED.

(Signed) W. TAIT WILKINSON

# AR12

**NATURAL RESOURCES  
GROWTH FUND LTD.**



## PRINCIPAL BUSINESS OFFICE

304 Sixth Avenue S.W.

Calgary, Alberta

## MANAGER

Empire Management Limited

304 Sixth Avenue S.W.

Calgary, Alberta

## INVESTMENT COUNSEL

Touche, Vintcent Investment Consultants

Ltd.

Calgary, Alberta

## REGISTRAR AND TRANSFER AGENT

Montreal Trust Company

Halifax, Saint John, Montreal, Toronto

Winnipeg, Calgary, Vancouver

## CUSTODIAN OF SECURITIES AND DIVIDEND DISBURSING AGENT

Montreal Trust Company

**NATURAL RESOURCES  
GROWTH FUND LTD.**



*Handwritten:* ~~AR 12~~  
*file*

# PROSPECTUS

DATED JUNE 17, 1968

*A copy of this prospectus has been filed with the  
Registrar of Joint Stock Companies, Alberta.*

*The Fund's portfolio contains both investment  
and speculative securities of natural resource  
companies.*

*No Securities Commission or similar authority in  
Canada has, in any way, passed upon the merits  
of the securities offered hereunder, and any  
representation to the contrary is an offence.*

NATURAL RESOURCES  
GROWTH FUND LTD.



*file*  
NATURAL RESOURCES  
GROWTH FUND LTD.



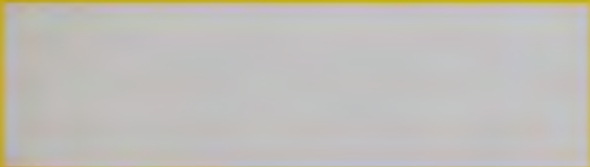
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QUARTERLY REPORT

QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 28, 1968

FOR THE QUARTER ENDED JUNE 28, 1968



A PROFESSIONALLY MANAGED PORT-  
FOLIO SPECIALIZING IN NATURAL  
RESOURCES PROVIDING OPPOR-  
TUNITIES FOR CANADIANS TO INVEST  
IN THE RAPIDLY DEVELOPING  
RESOURCE INDUSTRIES.



## TO OUR SHAREHOLDERS

We are pleased to report that the net asset value per share of your Fund on June 30, 1968 was \$7.54 compared with \$6.61 as at March 31, 1968. This represents an increase of 14% and reflects both an overall market improvement and the aggressive investment policy that has been pursued during the past three months.

Our last quarterly report showed a Buying Reserve position of almost \$3,250,000 and it will be noted that the majority of this reserve has been used to enlarge and, we feel, improve the Portfolio. We would advise our shareholders that we intend to continue pursuing this aggressive investment policy.

It also will be noted that our Portfolio now contains a limited number of American natural resource stocks and it is our intention, at least for the near term future, to invest more actively in selected U.S.A. issues.

Your management feels that both the short and the long term outlook for natural resource stocks is excellent. Admittedly there will be market variations but one must not overlook the fact that there is going to be an ever increasing world demand for many of Canada's basic natural resources such as oil, gas, sulphur, potash, pulp and minerals. We therefore feel that an active investment policy in these basic industries will provide our shareholders with a better than average growth trend.

Respectfully submitted on behalf of your Board of Directors.

R. A. Brown, Jr.  
President

## NATURAL RESOURCE

### Portfolio of Securities

#### SECURITY

#### OIL, GAS AND PIPE LINES

The Alberta Gas Trunk Line Company Limited - Class "A"	
Alminex Limited	
Ashland Oil & Refining Company	
British American Oil Company Limited	
Canadian Superior Oil Ltd.	
Canadian Petrofina Limited	
Chieftain Development Co. Ltd.	
Dome Petroleum Limited	
Home Oil Company Limited - Class "A"	
Home Oil Company Limited - Class "B"	
Hudson's Bay Oil & Gas Company Limited	
Husky Oil Canada Ltd.	
Imperial Oil Limited	
Jefferson Lake Petrochemicals of Canada Ltd.	
Northern & Central Gas Company Limited	
Ranger Oil (Canada) Ltd.	
Shell Canada Limited	
Standard Oil Company of California	
Texaco Canada Limited	
Trans Canada Pipe Lines Limited - common	
Trans Canada Pipe Lines Limited - \$2.75 Cum. Red. Conv.	
Triad Oil Co. Ltd.	
Union Oil Company of Canada Limited	

#### MINES

Canada Tungsten Mining Corporation Limited	
Falconbridge Nickel Mines Limited	
The Granby Mining Company Limited	
The International Nickel Company of Canada, Limited	
Leitch Gold Mines Limited	
McIntyre Porcupine Mines Limited	
Magma Copper Company	
Mattagami Lake Mines Limited	
Newconex Holdings Ltd.	
Noranda Mines Limited	
Peace River Mining & Smelting Ltd. - common	
Peace River Mining & Smelting Ltd. - 7 1/2 % Conv. Deb. Series	
Placer Development Limited	

#### PULP AND PAPER

MacMillan Bloedel Limited	
The Price Company Limited	
St. Regis Paper Company	

#### OTHER

Calgary Power Ltd.	
Canadian Pacific Investments Limited - 4 3/4 % Cum. Red.	
Canadian Pacific Railway Company	

#### BUYING RESERVE

Deposit Receipts	
Cash on Hand	

#### TOTAL ASSET VALUE

Shares Outstanding

#### Net Purchases During the Quarter (Shares)

3,000	The Alberta Gas Trunk Line Company Limited - Class "A"
7,000	Calgary Power Ltd.
4,000	Canadian Pacific Railway Company
3,000	Canadian Superior Oil Ltd.
15,000	Chieftain Development Co. Ltd.
2,000	Dome Petroleum Limited
2,000	Hudson's Bay Oil & Gas Company Limited
2,000	The International Nickel Company of Canada, Limited
2,000	Jefferson Lake Petrochemicals of Canada Ltd.
4,000	MacMillan Bloedel Limited
1,500	Magma Copper Company

# GROWTH FUND LTD.

at June 28, 1968

	Shares or Par Value	Market Value	% of Total Assets
.....	3,000	\$ 99,750	.80
.....	50,000	275,000	2.21
.....	10,000	505,000	4.05
.....	10,000	425,000	3.41
.....	3,000	138,750	1.11
.....	15,000	270,000	2.17
.....	15,000	120,000	.96
.....	2,000	119,000	.95
.....	7,000	162,750	1.31
.....	33,000	849,750	6.82
.....	2,000	87,500	.70
.....	40,000	1,105,000	8.86
.....	6,000	398,250	3.19
.....	2,000	71,000	.57
.....	10,000	141,250	1.13
.....	30,000	133,500	1.07
.....	20,000	570,000	4.57
.....	3,000	199,500	1.60
.....	2,000	67,000	.54
.....	16,000	520,000	4.17
.....	4,000	256,000	2.05
Series A	50,000	130,000	1.04
.....	17,500	840,000	6.74
		<u>7,484,000</u>	<u>60.02</u>
.....	20,000	33,000	.26
.....	5,000	525,000	4.21
.....	3,600	100,800	.81
.....	2,000	220,250	1.77
.....	10,000	95,000	.76
.....	4,600	395,600	3.17
.....	1,500	123,563	.99
.....	12,000	147,000	1.18
.....	30,000	270,000	2.17
.....	5,000	235,000	1.88
.....	15,000	78,000	.63
83	\$150,000	139,500	1.12
.....	15,000	393,750	3.16
		<u>2,756,463</u>	<u>22.11</u>
.....	12,000	300,000	2.41
.....	8,500	93,500	.75
.....	6,000	214,500	1.72
		<u>608,000</u>	<u>4.88</u>
.....	7,000	161,000	1.29
Pref. Series A	20,000	477,500	3.83
.....	4,000	236,000	1.89
		<u>874,500</u>	<u>7.01</u>
.....		710,375	5.70
.....		35,207	.28
		<u>745,582</u>	<u>5.98</u>
		<u>\$12,468,545</u>	<u>100.00</u>

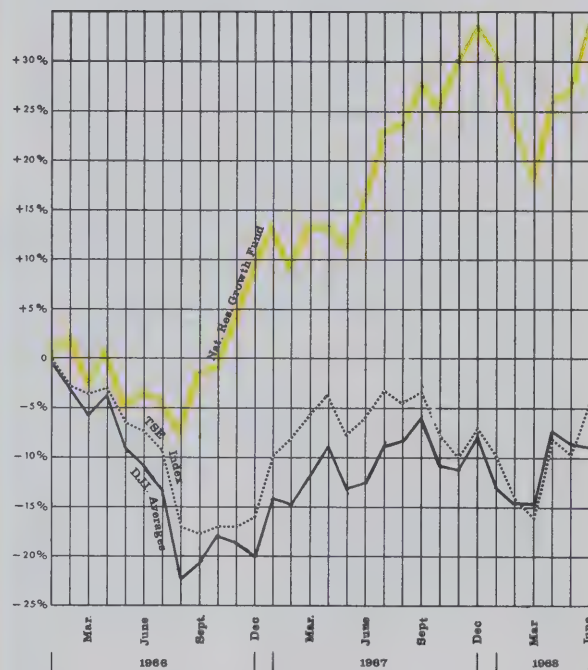
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4,600	McIntyre Porcupine Mines Limited
5,000	Noranda Mines Limited
10,000	Northern & Central Gas Company Limited
6,000	St. Regis Paper Company
3,000	Standard Oil Company of California
2,000	Texaco Canada Limited
400	Trans Canada Pipe Lines Limited - common
4,000	Trans Canada Pipe Lines Limited - \$2.75 cum. red. conv. pref. Series A

## Net Sales During the Quarter (Shares)

15,000	Canada Tungsten Mining Corp. Ltd.
2,500	Union Oil Company of Canada Limited

## Natural Resources Growth Fund Outperforms General Market Indexes



— The Value of Natural Resources Growth Fund shares, including reinvested dividends, increased 34% during the past twenty-nine months.

— During the same period the Toronto Stock Exchange Index recorded an overall drop of 4.7% and the Dow Jones Industrial Averages recorded an overall drop of 8.9%.

— Natural Resources Growth Fund outperformed the general averages by 39-43% during its first twenty-nine months of operation.

## **SPECIAL FEATURES**

### **Investment Policies and Objectives:**

Natural Resources Growth Fund Ltd. is a mutual fund especially designed to provide a way for Canadians to invest in the rapidly developing resource industries. Canada's natural wealth is immeasurable. Throughout the country the search for and development of minerals, oil and timber products is being carried on. An investment in shares of the Fund represents ownership of such basic resources as nickel, copper, cobalt, precious metals, sulphur, crude oil, natural gas, timber, pulp products, newsprint, potash, pipelines and foodstuffs.

### **Ready Marketability:**

The investor may withdraw all or part of his capital on any business day. The price received will be based on 100% of the asset value. There is no charge for this service. Daily prices of the Fund are quoted in most leading newspapers and financial publications.

### **Methods of Purchase:**

- Voluntary Savings Plan
  - not contractual
  - no penalties if program is stopped
  - no hidden charges
  - all dividends automatically reinvested without charge
- Cash Purchases
- Retirement Savings Plan.

### **Dividends:**

All dividends may be reinvested without charge at asset value. Thus compound growth of original investment is possible and without additional cost.

### **Withdrawal Plan:**

Shareholders may request that a regular payment be sent to them from their investment account. This method can be of value to those investors who want to use their financial resources to provide income for living expenses over any period of time.

### **PRINCIPAL BUSINESS OFFICE**

304 Sixth Avenue S.W.

Calgary 1, Alberta

### **MANAGER**

Empire Management Limited

304 Sixth Avenue S.W.

Calgary 1, Alberta

### **LEGAL COUNSEL**

McLaws, Deyell, Dinkel, Floyd and Moore

Calgary, Alberta

### **REGISTRAR AND TRANSFER AGENT**

Montreal Trust Company

Halifax, Saint John, Montreal, Toronto

Winnipeg, Calgary, Vancouver

### **CUSTODIAN OF SECURITIES AND DIVIDEND DISBURSING AGENT**

Montreal Trust Company



## PRINCIPAL BUSINESS OFFICE

304 Sixth Avenue S.W.

Calgary 1, Alberta

## MANAGER

Empire Management Limited

304 Sixth Avenue S.W.

Calgary 1, Alberta

## INVESTMENT COUNSEL

Robert L. Dolan

Calgary, Alberta

## LEGAL COUNSEL

McLaws and Company

Calgary, Alberta

## REGISTRAR AND TRANSFER AGENT

Montreal Trust Company

Halifax, Saint John, Montreal, Toronto

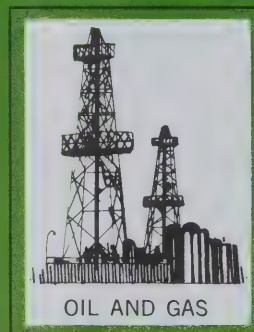
Winnipeg, Calgary, Vancouver

## CUSTODIAN OF SECURITIES AND

## DIVIDEND DISBURSING AGENT

Montreal Trust Company

# NATURAL RESOURCES GROWTH FUND LTD.



## QUARTERLY REPORT

For The Quarter Ended December 31, 1968

A professionally managed portfolio specializing in natural resources providing opportunities for Canadians to invest in the rapidly developing resource industries.



## **PRESIDENT'S REPORT**

### **TO OUR SHAREHOLDERS**

I am pleased to report that the past quarter was another successful one for your Fund. The net asset value per share reached an all time high and at December 31, 1968 was \$8.94 up 91 cents or 11.3% from the value of \$8.03 recorded on September 30, 1968. The total value of the portfolio at year end was \$15,631,705 up \$1,919,625 or 12.3% from the previous all time high of \$13,712,080 reached as at September 30, 1968.

Currently the most exciting oil play on the continent, and in fact in the world, continues to be the North Slope of Alaska. Those companies in the portfolio with large land holdings in that area, namely Atlantic Richfield Company, Home Oil Company Limited, Mobil Oil Corporation, Sinclair Oil Corporation and Standard Oil Company of California, all have shown, and we believe will continue to show, satisfactory market appreciation. Exploratory drilling activity is quickening and it is expected that some 10 to 15 wells will be drilled this winter. At the moment 9 definite locations have been announced, 8 of these by companies represented in our portfolio. There is little doubt but that the results of this winter's drilling in Alaska could have far reaching effects on the overall North American oil industry. If oil reserves of the magnitude envisioned by many industry leaders are in fact discovered, then the next five years could see a basic change in the crude oil supply picture of this continent.

Another promising area for oil exploration is the MacKenzie River Delta and the offshore Arctic Islands. Your portfolio is well represented in this area by such companies as Imperial Oil Limited, Shell Canada Limited and Chieftain Development Co. Ltd.

The month of December saw important developments in the mining field with the announcement by Gulf Oil Corporation of a possible huge new uranium ore body in northwestern Saskatchewan. Here again your Fund has good representation through its holdings of Gulf Oil Corporation, Denison Mines Ltd. and Numac Oil & Gas Ltd.

Respectfully,

R. A. Brown, Jr.  
President.

# NATURAL RESOURCES GROWTH FUND LTD.

Portfolio of Securities at December 31, 1968

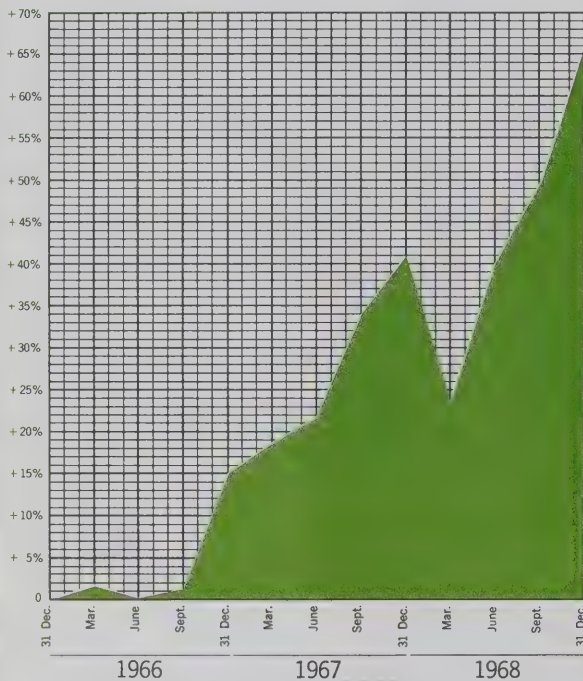
	Number of Shares	Market Value	% of Total Assets
<b>OIL AND GAS</b>			
Aquitaine Company of Canada Ltd. ....	10,000	\$ 180,000	1.15
* Atlantic Richfield Company .....	5,000	633,125	4.05
* British Petroleum .....	15,000	275,625	1.76
Canadian Gridoil Limited - 6% Cum. Red. Conv. Pref. (\$25 par) .....	4,000	116,000	.74
Chieftain Development Co. Ltd. ....	35,000	330,750	2.12
* Gulf Oil Corporation .....	8,000	370,000	2.37
Home Oil Company Limited - Class B .....	30,000	1,278,750	8.18
Hudson's Bay Oil & Gas Company Limited .....	10,000	373,750	2.39
Imperial Oil Limited .....	8,500	703,375	4.50
* Mobil Oil Corporation .....	6,000	378,750	2.42
Numac Oil & Gas Ltd. ....	20,000	196,000	1.25
Petrofina Canada Limited .....	15,000	281,250	1.80
* Royal Dutch Petroleum Company .....	6,750	367,031	2.35
Shell Canada Limited .....	10,000	292,500	1.87
* Sinclair Oil Corporation .....	2,000	279,000	1.79
* Standard Oil Company of California .....	6,000	464,250	2.97
Ulster Petroleum Ltd. ....	25,000	105,000	.67
Union Oil Company of Canada Limited .....	6,000	270,000	1.73
		<b>\$ 6,895,156</b>	<b>44.11</b>
<b>MINES</b>			
* Anaconda Company .....	5,000	\$ 346,250	2.21
Cominco Ltd. ....	10,000	370,000	2.37
Davis Keays Mining Co. Ltd. ....	20,000	81,000	.52
Denison Mines Ltd. ....	4,000	270,000	1.73
Dynasty Explorations Ltd. ....	20,000	300,000	1.92
Falconbridge Nickel Mines Limited .....	6,000	645,000	4.13
The International Nickel Company of Canada, Limited .....	8,000	332,000	2.12
Kerr Addison Mines Limited .....	12,000	220,500	1.41
* National Gypsum Company .....	4,000	253,500	1.62
Noranda Mines Limited .....	25,000	862,500	5.52
Placer Development Limited .....	15,000	487,500	3.12
		<b>\$ 4,168,250</b>	<b>26.67</b>
<b>PULP AND PAPER</b>			
Great Lakes Paper Company Limited .....	20,000	\$ 495,000	3.16
MacMillan Bloedel Limited .....	20,000	575,000	3.68
The Price Company Limited .....	25,000	350,000	2.24
* Weyerhaeuser Company .....	8,000	734,000	4.70
		<b>\$ 2,154,000</b>	<b>13.78</b>
<b>OTHER</b>			
Alcan Aluminum Limited .....	10,000	\$ 287,500	1.84
Pacific Northern Gas Ltd. - Units .....	2,500	86,250	.55
(Units consisting of one preferred share and two Class A non-voting common shares)			
Trans Canada Pipe Lines Limited .....	16,000	618,000	3.95
Weldwood of Canada Limited .....	9,375	257,813	1.65
		<b>\$ 1,249,563</b>	<b>7.99</b>
<b>BUYING RESERVE</b>			
Deposit Receipt .....		\$ 750,000	4.80
Cash on Hand .....		414,736	2.65
		<b>1,164,736</b>	<b>7.45</b>
TOTAL ASSET VALUE .....		<b>\$15,631,705</b>	<b>100.00</b>

SHARES OUTSTANDING - 1,748,825

\* American or Foreign natural resources stocks

# NATURAL RESOURCES GROWTH FUND LTD.

## THREE YEAR GROWTH PERFORMANCE



The year end marked the third anniversary of your Fund under its present name and management. The excellent performance during this three-year period is reflected on the accompanying graph.

During the same period the Toronto Stock Exchange Industrial Index rose 12.1% from 168.56 on the 31st of December 1965 to 188.93 on the 31st of December 1968 and the Dow Jones Industrial Averages recorded a drop of 2.6%.

Natural Resources Growth Fund has consistently out-performed these two main stock market indexes. The net asset value per share of your Fund, including reinvested dividends, has increased 65.7% during this past 36-month period.

## SPECIAL FEATURES

### Investment Policies and Objectives:

Natural Resources Growth Fund Ltd. is a mutual fund especially designed to provide a way for Canadians to invest in the rapidly developing resource industries. Canada's natural wealth is immeasurable. Throughout the country the search for and development of minerals, oil and timber products is being carried on. An investment in shares of the Fund represents ownership of such basic resources as nickel, copper, cobalt, precious metals, sulphur, crude oil, natural gas, timber, pulp products, newsprint, potash, pipelines and food-stuffs.

### Ready Marketability:

The investor may withdraw all or part of his capital on any business day. The price received will be based on 100% of the asset value. There is no charge for this service. Daily prices of the Fund are quoted in most leading newspapers and financial publications.

### Methods of Purchase:

- Voluntary Savings Plan
  - not contractual
  - no penalties if program is stopped
  - no hidden charges
  - all dividends automatically reinvested without charge
- Cash Purchases
- Retirement Savings Plan

### Dividends:

All dividends may be reinvested without charge at asset value. Thus compound growth of original investment is possible and without additional cost.

### Withdrawal Plan:

Shareholders may request that a regular payment be sent to them from their investment account. This method can be of value to those investors who want to use their financial resources to provide income for living expenses over any period of time.

# AR12

**NATURAL RESOURCES  
GROWTH FUND LTD.**



**PRINCIPAL BUSINESS OFFICE**

304 Sixth Avenue S.W.

Calgary, Alberta

**MANAGER**

Empire Management Limited

304 Sixth Avenue S.W.

Calgary, Alberta

**INVESTMENT COUNSEL**

Robert Lynn Dolan

Calgary, Alberta

**REGISTRAR AND TRANSFER AGENT**

Montreal Trust Company

Halifax, Saint John, Montreal, Toronto

Winnipeg, Calgary, Vancouver

**CUSTODIAN OF SECURITIES AND**

**DIVIDEND DISBURSING AGENT**

Montreal Trust Company

**NATURAL RESOURCES  
GROWTH FUND LTD.**



## **AMENDMENT No. 1**

**TO THE**

## **PROSPECTUS**

**DATED JUNE 17, 1968**

*A copy of this amendment has been filed with the Registrar of Joint Stock Companies, Alberta.*

*The Fund's portfolio contains both investment and speculative securities of natural resource companies.*

*No Securities Commission or similar authority in Canada has, in any way, passed upon the merits of the securities offered by the prospectus dated June 17, 1968.*



**AMENDMENT No. 1**  
**TO THE PROSPECTUS OF**  
**NATURAL RESOURCES GROWTH FUND LTD.**

The prospectus of Natural Resources Growth Fund Ltd. dated 17th June, 1968 is hereby amended as follows:

As of the 31st day of July 1968 Empire Management Limited (the "Manager") has engaged the services of Robert Lynn Dolan as Investment Counsel and terminated the services of Touche, Vintcent Consultants Ltd. Mr. Dolan has resigned from the position of General Manager of the Manager effective as of the foregoing date.

Upon the resignation of Mr. Dolan, William Tait Wilkinson will be assuming the duties of the General Manager of the Manager.

Messrs. Dolan's and Wilkinson's principal occupations for the past five years are as stated on Page 7 of the prospectus under the heading "Directors and Officers of the Manager".

DATED this 8th day of August, 1968.

The foregoing, together with the prospectus dated June 17th, 1968, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by The Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or other reports where required or exigible as contained herein.

CHIEF EXECUTIVE OFFICER

(Signed) R. A. BROWN, Jr.

CHIEF FINANCIAL OFFICER

(Signed) ROBERT W. CAMPBELL

DIRECTORS

(Signed) R. A. BROWN, Jr.

(Signed) ROBERT W. CAMPBELL

(Signed) A. M. SHOULTS

(Signed) DONALD McLAWS

M. A. COOPER

J. L. LEVESQUE

F. M. P. McMAHON

C. A. PIPPY

J. B. SANGSTER

J. R. TOLMIE

G. H. THOMPSON

(Signed)  
by their  
agent

DONALD McLAWS

To the best of our knowledge, information and belief, the foregoing, together with the prospectus dated June 17th, 1968, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act 1966 (Ontario) and the regulations thereunder, by The Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible as contained herein.

MANAGER

EMPIRE MANAGEMENT LIMITED.

(Signed) W. T. Wilkinson



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## THE FUND

Natural Resources Growth Fund Ltd. (the "Fund") is a mutual investment fund incorporated by Memorandum of Association under The Companies Act of Alberta on April 27, 1959 as First Oil & Gas Fund Ltd. The Fund's head and principal office is at 304 Sixth Avenue S.W., Calgary, Alberta.

The Fund was incorporated with an authorized capital of \$2,000,000. This was increased by successive certificates under The Companies Act (Alberta) to \$5,000,000 on April 18, 1961, to \$6,500,000 on March 9, 1962 and to its present authorized capital of \$16,500,000 on January 28, 1966.

On January 28, 1966 by certificate under The Companies Act (Alberta) the name of the Fund was changed from First Oil & Gas Fund Ltd. to Natural Resources Growth Fund Ltd. and the objects of the Fund were amended and expanded.

The authorized capital of the fund at the date of this Prospectus, \$16,500,000, is divided into 1,000 Common Shares, par value \$1.00 each, all of which are issued and outstanding, 14,999,000 Special Shares, par value \$1.00 each, of which 3,760,474.459 have been issued, 2,104,485.817 have been redeemed and 1,655,988.642 are outstanding, and 2,500,000 Preference Shares, par value 60¢ each, of which 2,096,685 have been issued and redeemed and none are outstanding.



## DIRECTORS AND OFFICERS OF THE FUND

The directors and officers of the Fund and their principal occupations during the past five years are as stated below:

ROBERT ARTHUR BROWN, JR. .... Director and President 2211 - 7th Street S.W., Calgary 3, Alberta	President and Director, Cygnus Corporation Limited, Home Oil Company Limited; Director, Trans-Canada Pipe Lines Limited, Calgary Power Ltd., Crown Trust Company.
ROBERT WILLIAM CAMPBELL ..... Director and Vice-President 3819 - 10th Street S.W., Calgary 6, Alberta	Director and Executive Vice-President, Cygnus Corporation Limited, Home Oil Company Limited; Director, Trans-Canada Pipe Lines Limited.
MARSH ALEXANDER COOPER ..... Director 15 Elm Avenue, Toronto 5, Ontario	Partner, James, Buffam and Cooper; President and Director, McIntyre Porcupine Mines Ltd., McIntyre Coal Mines Ltd., Madeleine Mines Ltd.; Vice-President and Director, The Granby Mining Company Limited; Chairman of the Board and Director, Mogul of Ireland Limited; Director, Granisle Copper Ltd., Falconbridge Nickel Mines Ltd., Jefferson Lake Petrochemicals of Canada Ltd., Home Oil Company Limited, Bridge and Tank Company of Canada Ltd., Crown Life Insurance Company, Betrust Investment Corporation Limited.
JEAN LOUIS LEVESQUE, D.C.Sc. .... D.P.Ec., LL.D. Director 177 Maplewood Avenue, Outremont, P.Que.	President and Chairman, J. L. Levesque & L. G. Beaubien Ltd., Industrial Life Insurance Company; President, F-I-C Fund Inc., Blue Bonnets Raceway Inc., L. G. Beaubien & J. L. Levesque Inc.; Vice-President, Alfred Lambert Inc., The Acton Shoe Co. Ltd., Fred A. Lallemand & Cie Ltée.; Director, General Trust of Canada, The Provident Assurance Company, Trans-Canada Corporation Fund.
DONALD PRESTON McLAWS, Q.C. .... Director R.R. No. 1, Midnapore, Alberta	Partner, McLaws and Company (Barristers & Solicitors); Officer & Director, Spalding Hardware Ltd., Haytian American Sugar Company (S.A.), Eau Claire Sawmills Ltd., Calgary Inn Ltd.

FRANCIS MURRAY PATRICK McMAHON Director 2010 S.W. Marine Drive, Vancouver 14, B.C.	Chairman, Westcoast Transmission Company, Limited; Director, Canadian Liquid Air Co. Ltd., a Canadian Chartered Bank, Executive Fund of Canada Ltd., The Royal Bank of Canada Trust Company, Montreal Trust Company, Pacific Petroleums Ltd., Ocean Cement & Supplies Ltd., Weldwood of Canada Limited.
CHESLEY ALWYN PIPPY, LL.D., C.D. .... Director 26 Waterford Bridge, St. John's, Newfoundland	President, The Newfoundland Tractor and Equipment Co. Ltd., North Star Cement Co., Newfoundland Hardwoods Ltd.; Director, Canadian National Railways, a Canadian Chartered Bank.
JOHN BEVERLY SANGSTER ..... Director 2630 McCallum Ave., Regina Saskatchewan	Chairman and Director, Modern Packaging Company Ltd.; President, Mid-West Motors Ltd., Western Auto Leasing; Director, Guaranty Trust Co. of Canada, Home Oil Company Limited.
ARTHUR MILTON SHOULTS ..... Director 37 High Point Rd., Don Mills, Ontario	President and Director, James Lovick Limited; Director, Cygnus Corporation Limited.
GEORGE HARRY THOMPSON, M.C. .... Director 129-26th Avenue S.W., Calgary 3, Alberta	Chairman, Calgary Power Ltd.; Vice-President and Director, Montreal Engineering Company Limited; Director, Trans-Canada Pipe Lines Limited, Home Oil Company Limited.
JOHN ROSS TOLMIE, Q.C. .... Director 597 Mariposa Avenue, Rockcliffe, Ottawa 2, Ontario	Partner, Herridge, Tolmie, Gray, Coyne and Blair (Barristers & Solicitors); Director, Corporation House Ltd., Trans-Canada Pipe Lines Limited, Cygnus Corporation Limited.
RONALD BORDEN COLEMAN ..... Secretary 2710 - 10th Street S.W., Calgary 6, Alberta	Vice-President, Secretary and General Counsel, Home Oil Company Limited; Secretary, Cygnus Corporation Limited.
FRASER GORDON MITCHELL ..... Assistant Secretary 3050 - 2nd Street S.W., Calgary 4, Alberta	Assistant Secretary of Home Oil Company Limited.

## INVESTMENT POLICY

The principal objective of the Fund is to seek above average growth of capital rather than current income. To attain this objective the Fund's investment policy is to specialize in the securities of natural resource companies. The Portfolio of Investments included in this prospectus illustrates this policy. The portfolio will often contain securities of exploration and development companies whose value can be significantly affected by their search for minerals. However, the Fund offers a degree of diversification essential in reducing the risk inherent in securities that may be subject to rapid price changes. The majority of the Fund's investments will be in Canadian companies, however foreign companies may be added to the portfolio if circumstances warrant.

The Fund may invest in either equity or debt securities depending on the considerations prevailing at the time of investment and there is no limitation on the proportion of its assets that can be invested in either type of security. The Fund does not invest in real estate, mortgages or in commodities or commodity future contracts nor does it invest in other mutual funds or for the purpose of exercising control or management. The fund does not underwrite securities. Investments may be made in the securities of investment companies and in evidences of indebtedness issued by the Government of Canada or by any province or municipality in Canada.

## INFORMATION TO SHAREHOLDERS

Shareholders are kept informed as to the securities owned, and how the Fund is being managed in their interests through regular quarterly and annual reports.

## INVESTMENT RESTRICTIONS

Certain investment restrictions have been adopted by the Fund for the protection of the shareholders, but they are sufficiently broad to permit the degree of flexibility necessary to meet changing conditions. The Fund is prohibited from purchasing securities on margin or shortselling securities, it is prohibited from borrowing money or mortgaging or pledging any of its assets except for emergency purposes or to facilitate normal business requirements (which cannot in any event exceed 5% of the Fund's total assets). Securities may not be purchased until they have been approved by the Board of Directors, with the exception of securities issued or guaranteed by Canada or any province. Securities are purchased through normal public market facilities.

The Fund is prohibited from making loans to or utilizing its credit for any officer, director or any other person. It is also prohibited from underwriting or participating in the marketing of securities which are not fully paid and non-assessable.

The Fund is prohibited from purchasing the securities of any issuer (other than those of the Government of Canada or any province or municipality in Canada) if such purchase would cause more than 10% of the Fund's assets to be invested in the securities of that issuer. The Fund is also prohibited from purchasing more than 10% of the outstanding or voting securities of any issuer. The Portfolio of Investments shows the percentage of the assets of the Fund invested in each security in the portfolio. These investment restrictions may not be changed without the approval of the holders of the Common Shares given as required by The Companies Act (Alberta).

## MANAGEMENT AND INVESTMENT ADVISOR

The Fund is managed by Empire Management Limited (the "Manager") of 304 Sixth Avenue S.W., Calgary 1, Alberta. The Manager is the exclusive agent of the Fund for distribution of the Special Shares to the dealers.

The Manager manages the investment and reinvestment of the assets of the Fund and administers the Fund's affairs, all to the extent requested by and subject to the supervision of the Fund's Board of Directors. The Manager has no pre-arrangement, formula or method for allocating the brokerage business arising from purchases and sales of the investment portfolio. Transactions in portfolio securities are always sought where the Manager can get prompt execution of orders at the most favourable prices. The Manager also considers the research and statistical information provided and the relative sales of Special Shares of the Fund by the dealers. During the financial year ended March 31, 1968, Richardson Securities of Canada through its offices across Canada sold 32.76% of the total Special Shares issued by the Fund during such year, and this firm received 52.07% of the brokerage paid in connection with the portfolio securities transactions of the Fund.

During the financial year ended March 31, 1968 the total cost of portfolio securities acquired was \$4,936,415, excluding short-term notes totalling \$27,250,754 which sum includes government securities purchased for a total cost of \$500,000. The total cost of brokerage arrangements for purchases and sales during this period was \$118,532. The total cost of portfolio securities held at the beginning of the financial year was \$8,436,879,

and at the end of the financial year was \$9,656,088.

The Manager provides investment analysis and advice, and has engaged the services of Touche, Vintcent Investment Consultants Ltd. as Investment Counsel. The principals and directors of this firm are Messrs. Rodney Gordon Touche, 707 Prospect Avenue, Calgary 3, Alberta, and Joseph Vintcent, No. 102, 129 - 26 Avenue S.W., Calgary 3, Alberta. Mr. Touche formerly was with Cangro Resources Ltd. and from 1963 until 1965 was Vice-President of that investment company. Mr. Vintcent was employed by Canadian Fina Oil Limited, Mobil Oil of South Africa Ltd., Western Decalta Petroleum Limited and Scurry-Rainbow Oil Ltd. from 1956 to 1964 in various accounting and secretarial capacities. During the latter part of 1964 he was employed by Cangro Resources Ltd. as investment analyst and in 1965 he was employed by Johannesburg Consolidated Investment Company Ltd. where he held the position of senior industrial analyst.

In addition to the foregoing duties, the Manager provides office space in Calgary for the Fund, all office facilities, equipment and clerical personnel necessary for the operation of the Fund (excepting personnel required for keeping the Fund's own books of account), and the Manager arranges for members of its organization to serve without remuneration from the Fund as officers or employees of the Fund. The Fund pays its own taxes and directors' fees and all fees, costs and expenses in connection with keeping its books of account, auditors, legal counsel, custodian, transfer agent and registrar, dividend disbursing agent, brokers' commissions, interest, share certificates and corporate reports and other like miscellaneous expenses. Four agreements dated May 15, 1959, May 7,



1965, June 4, 1965 and January 28, 1966 describe the arrangements between the Fund and the Manager. These arrangements terminate on December 31, 1968 but renew automatically for additional successive 5 year periods unless written notice is given by either the Fund or the Manager 6 months prior to December 31, 1968 or to the expiry of any one of the additional successive 5 year periods. The agreements may be inspected at the Fund's head office during business hours.

Under the terms of these agreements, the Manager is entitled to receive for each fiscal quarter, payable on the last day of such quarter, a fee equal to 1/8 of 1% of the average of the values of the net assets of the Fund as determined as of the close of business on each business day throughout that quarter.

The Manager received in this manner \$47,302, \$46,429 and \$54,221 during the financial years ending March 31, 1966, 1967 and 1968 respectively.

#### DIRECTORS AND OFFICERS OF THE MANAGER

The directors and officers of the Manager are associated with Cygnus Corporation Limited and Home Oil Company Limited, Calgary, and are as stated below:

ROBERT ARTHUR BROWN, JR.  
President and Director  
2211 - 7th Street S.W.  
Calgary 3, Alberta

ROBERT WILLIAM CAMPBELL  
Executive Vice-President and Director  
3819 - 10th Street S.W.  
Calgary 6, Alberta

WILLIAM FLEMING JAMES  
Director  
300 Vesta Drive  
Toronto 10, Ontario

WILLIAM TAIT WILKINSON  
Vice-President  
62 Massey Place  
Calgary 9, Alberta

ROBERT LYNN DOLAN  
General Manager  
304 Acadia Drive S.E.  
Calgary 30, Alberta

RONALD BORDEN COLEMAN  
Secretary  
2710 - 10th Street S.W.  
Calgary 6, Alberta

BARTLETT BIDWELL ROMBOUGH  
Treasurer  
7816 Chardie Road S.W.  
Calgary 9, Alberta

GRAHAM WALLACE BENNETT  
Assistant Treasurer  
1315 - 75th Avenue S.W.  
Calgary 9, Alberta

FRASER GORDON MITCHELL  
Assistant Secretary  
3050 - 2nd Street S.W.  
Calgary 6, Alberta

KEES BAIS  
Assistant Secretary  
223 - 64th Avenue N.W.  
Calgary 47, Alberta

Mr. Brown, Mr. Campbell, Mr. Coleman and Mr. Mitchell are also directors and/or officers of the Fund and their business experience has been described elsewhere in this prospectus. Dr. James is a partner in the firm of James, Buffam and Cooper (Consulting Geologists), and a director and/or officer of many Canadian companies including Canadian Gas and Energy Fund Ltd., Canadian Security Underwriters Growth Fund Limited, a Canadian Chartered Bank, National Trust Company Limited, Falconbridge Nickel Mines Ltd., Templeton Growth Fund Limited. Mr. Wilkinson is Vice-President Marketing of Home Oil Company Limited having joined that company in 1963. Prior to that time he was Vice-President and Managing Director of Merit Insurance Company. Mr. Robert Lynn Dolan has been employed by the Manager (Empire Management Limited) since 1966 as General Sales Manager. He was appointed General Manager in 1968. Before joining Empire Management, Mr. Dolan was a partner and director of a member firm of The Investment Dealers Association of Canada. He is a member of the Winnipeg Society of Financial Analysts and a registered investment counsel in the province of Alberta. Mr. Rombough has been employed by Home Oil Company Limited since 1955 and was appointed Assistant Treasurer in 1963 and Treasurer in 1965. He is also Treasurer of Cygnus Corporation Limited. Mr. Bennett has been employed by Home Oil Company Limited since 1958 and was appointed Chief Accountant in 1959 and Comptroller in 1966. He is also Assistant Treasurer of Cygnus Corporation Limited. Mr. Kees Bais has been employed by the Manager since 1967 as Office Manager and was recently appointed Assistant Secretary. He was employed by Home Oil Company Limited as an accountant from 1959 until 1967.

## SPECIAL SHARES

This prospectus offers for sale throughout Canada the Special Shares of the Fund. The number of Special Shares offered by this prospectus is 11,238,525.541. The Fund will be continuously selling the Special Shares throughout the life of this prospectus.

The Fund does not propose to issue securities other than the Special Shares.

## BUYING SHARES

Whole and fractional Special Shares may be bought for cash each business day. Since the Fund issues fractional shares any amount of dollars may be invested. The public offering price of the Special Shares is the asset value per Special Share plus a sales commission.

The asset value for each Special Share offered is determined by dividing the number of outstanding Special and Common Shares into the net asset value of the Fund. (See "Determining the Asset Value" below).

The sales commission is a variable percentage determined by the amount of the purchase as follows:

<u>Amount of Purchase</u>	<u>% of Public Offering Price</u>
Less than \$25,000 .....	8.5%
\$ 25,000 or more but less than \$ 50,000	7.5%
\$ 50,000 or more but less than \$100,000	5.5%
\$100,000 or more but less than \$250,000	4.0%
\$250,000 or more but less than \$500,000	2.5%
\$500,000 or more .....	1.0%

The shareholder may take advantage of lower sales commission rates:

- (a) by combining purchases made by himself with purchases for or by his spouse and children under age 21;
- (b) as a trustee or other fiduciary purchasing for a single trust estate or fiduciary account;
- (c) as his cumulative dollar total of purchases rises to exceed any discount bracket;
- (d) by undertaking through a Letter of Investment Intention to make purchases amounting to \$25,000 or more within a period of thirteen months, provided that he still owns the shares so purchased at the end of the period.

## WHERE TO BUY SHARES

Special Shares are available through any registered Canadian mutual fund broker or dealer, investment dealer or stock broker (the "dealers"). The Special Shares are sold to the dealers and the dealers in turn sell the Special Shares to the public at the public offering price.

The dealers receive such portion of the sales commissions referred to above as is set forth in the Manager's form of contract which the dealers enter into or have entered into with the Manager. The Manager receives the balance of the sales commissions.

## VOLUNTARY SAVINGS PLAN

For the convenience of individuals who wish to accumulate Special Shares systematically, the Fund has introduced a Voluntary Savings Plan. This plan is voluntary and can be discontinued by the shareholder without cost or penalties at any time. Under this plan Special Shares are purchased at the public

offering price and are held in trust by Montreal Trust Company, Calgary (Custodian), until the shareholder requests delivery of the certificates. Any dividends paid on these Special Shares while held by the Custodian will be automatically reinvested in additional Special Shares without charge. Confirmation of each purchase will be sent to the shareholder together with notification of the purchase price and the number of Special Shares, whole and fractional, purchased for his account.

## REGISTERED RETIREMENT SAVINGS PLAN

Individuals may purchase shares of the Fund in conjunction with a registered retirement savings plan under the Income Tax Act (Canada) by making application to Montreal Trust Company, as Trustee, for such a plan and by making an initial deposit. The amount deposited under such a plan may be deducted from income for income tax purposes to the extent permitted by the Income Tax Act. At the date hereof the maximum amount deductible in any year by a taxpayer who does not belong to an employee's registered pension fund or plan (as defined in such Act) is the lesser of \$2,500 or 20% of his earned income for such year. If the taxpayer does belong to such a fund or plan, he can claim only the amount remaining after deducting his allowable contributions to such fund or plan from the lesser of \$1,500 or 20% of his earned income. All deposits are used to purchase shares of the Fund at the public offering price. Such investment is voluntary and can be discontinued at any time at the individual's option, but upon termination the shareholder loses the benefit of the above mentioned section of the Income Tax Act and unless an annuity is acquired as provided in such act, income tax may be assessed.

## DIVIDENDS

During the preceding five fiscal years the Fund has declared dividends, per share, as follows:

1968 .....	9¢
1967 .....	7¢
1966 .....	7¢
1965 .....	7¢
1964 .....	5¢

Stock dividends of one Preference Share (par value 60¢) for each four Special and each four Common Shares outstanding were declared during each of the financial years prior to 1967, and were redeemed in the year issued. The Directors have discontinued the practice of declaring stock dividends. It should be noted that a Systematic Withdrawal Plan is now available for those shareholders who require income in excess of that available from the annual dividends.

The Directors anticipate that the Fund will continue to pay dividends on an annual basis totalling approximately the net income earned during each year.

## INCOME TAX CREDITS

The Fund's annual dividends, including dividends reinvested, are taxable under The Income Tax Act (Canada) but are eligible for the 20% tax credit allowed to individual Canadian taxpayers.

## REINVESTMENT OF DIVIDENDS

Annual dividend payments may be automatically reinvested in additional whole and fractional Special Shares of the Fund at net asset value by completing a Dividend Reinvestment Authorization.

Following each dividend payment date Montreal Trust Company will forward a statement showing the total dividends earned and

the number of whole and fractional shares purchased. Shares are held in trust by Montreal Trust Company.

Shareholders may receive certificates covering the shares held in their account at any time, by advising Montreal Trust Company, Calgary.

During the past five completed financial years there has been reinvested in the Fund in this manner the sum of \$735,851.46.

## REDEMPTIONS

Holders of Special Shares may redeem their shares at any time by delivering their share certificates in proper form for transfer to Montreal Trust Company, Calgary, with a written request for redemption. Dealers frequently act as agents for their customers in effecting this delivery. To the extent that the Fund has on hand assets including its capital, shareholders will receive the asset value of their shares as of the close of business on the first business day after the day of deposit. Payment will normally be made within five business days after the deposit of the share certificates.

## SYSTEMATIC WITHDRAWAL PLAN

Holders of Special Shares may enter into an arrangement with Montreal Trust Company, Calgary (Custodian), whereby Special Shares transferred to the Custodian in trust for the holder are redeemed to provide for stated monthly, quarterly or annual cash payments to the holder. The number of shares that have to be redeemed to meet the desired payout may vary from time to time depending upon the net asset value of the shares at the time of redemption. The fees chargeable by the Custodian are at the following rates:



\$1.00 per monthly or quarterly payment;  
\$2.50 per annual payment;  
\$1.50 for each partial withdrawal of shares;  
\$2.50 upon termination of the agreement.

**If the withdrawals are in excess of dividend income from the Fund and net capital appreciation, it may result in encroachment on or possible exhaustion of the shareholder's original capital.**

## INCOME TAX ON REDEMPTION

Under the Income Tax Act (Canada), redemption of any Special Share at a time when the Fund has undistributed income on hand will result in a dividend being deemed to have been received by the holder of such Special Share which will normally be equal to the holder's portion of such undistributed income then on hand. Such deemed dividend is taxable but is eligible for the 20% tax credit allowed to individual Canadian taxpayers.

## TAX STATUS OF FUND

The Fund is taxed as an ordinary Canadian corporation. Under the Income Tax Act (Canada) income receipts of the Fund are taxed and capital receipts are not taxed. In the financial year ending March 31, 1968 the Fund did not qualify as an investment company under Section 69 of The Income Tax Act.

## DETERMINING THE ASSET VALUE

The asset value of each Special Share of the Fund is determined by the Board of Directors who may delegate this function, and in practice it is done by the Manager. This calculation is made at the close of business on each

day when the Toronto Stock Exchange is open and is accomplished by dividing the market value of all portfolio securities plus other assets, less liabilities, by the number of Special and Common Shares outstanding. Once calculated this asset value normally remains in effect throughout the next business day, and is used to determine the public offering price and the redemption price of the Special Shares. The right is reserved, however, to determine the asset value at any other time of day when the Toronto Stock Exchange is open and to fix the hour of that day when the new asset value will become effective. This determination may be made either by appraisal or by calculation or estimate, and its purpose would be to reflect fairly for the protection of shareholders any changes in asset value arising from market fluctuations. Any asset value once determined remains effective until a new asset value is determined and becomes effective.

In determining the asset value per Special Share (i) portfolio securities traded on the Toronto Stock Exchange are valued either as of the close of business at the last sale price or, if no sale, then at a price not higher than the closing asked price and not lower than the closing bid price, or at other times on the basis of the latest available quotations; (ii) portfolio securities not traded on the Toronto Stock Exchange are appraised as nearly as possible in the manner described in clause (i) when they are traded on some other exchange; (iii) portfolio securities traded on more than one stock exchange are appraised on the basis of the quotations on the selected exchange; and (iv) all other portfolio securities for which no price quotations are available are appraised at fair value in the best judgment of the Board of Directors. The Board of Directors may also permit over-the-counter rather than stock exchange quo-

tations to be used when these appear to reflect more closely the fair value of any particular portfolio security.

The Board of Directors has the authority to suspend the calculation of asset value for up to 7 days if the Toronto or Montreal Stock Exchanges are closed for other than customary weekend and/or holiday closings, if trading on these exchanges is restricted or should an emergency exist as a result of which it would not be reasonably practicable either to dispose of portfolio securities or to determine fairly the asset value.

## SHARE CONDITIONS

The Special Shares rank equally share for share, with the Common Shares (of which there are 1,000 all issued and outstanding) in dividend participation (see "Dividends") or distribution of capital. The Common Shares are the voting shares and cannot be redeemed. The Special Shares are normally non-voting shares but become voting shares if the Fund is in default in their redemption. Holders of Special Shares do not receive notice of and may not attend shareholders' meetings unless by law or as provided below there are matters upon which they are required to vote.

The Fund may not, except with the approval of the holders of the Special Shares, (i) create or issue any shares ranking prior to the Special Shares, (ii) voluntarily go into liquidation or be voluntarily dissolved, (iii) redeem, purchase, reduce or otherwise pay off any shares of its capital stock, except the Special Shares, or except out of the proceeds of another issue of its capital stock or (iv) repeal, amend or otherwise alter any of these provisions or any other provisions affecting the Special Shares such as those described under "Redemptions" or "Determining the Asset Value."

When the holders of the Special Shares are required to approve any matter, the requisite meeting needs a quorum of  $\frac{1}{2}$  of the then outstanding Special Shares present in person or represented by proxy, and  $\frac{3}{4}$  of the votes cast are needed to accomplish the approval, provided that if a quorum is not present within one-half hour of the appointed time the meeting will be adjourned to a later date of which at least 10 days' notice must be given, and at any such adjourned meeting the above quorum is not required and  $\frac{3}{4}$  of the votes cast will accomplish the approval.

The Fund is permitted from time to time to increase the number of authorized Common or Special Shares by appropriate corporate action without the approval of the holders of the Special Shares.

Holders of the Preference Shares of the Fund, of which at present none are issued and outstanding and none are intended to be issued, are entitled to a non-cumulative dividend of 5% per annum and, on dissolution of the Fund, to the repayment of the capital paid up on the Preference Shares in priority to any dividends and return of capital respectively payable on all other shares of the Fund. The last issue of Preference Shares was on March 8, 1966 when 394,878.413 Preference Shares were issued as a dividend and immediately redeemed.

## CUSTODIAN

All cash and securities owned by the Fund are held by Montreal Trust Company, as Custodian at its principal office in Calgary, 522 Eighth Avenue S.W., Calgary, Alberta. Upon the instructions of any one officer or any two directors of the Manager, the Custodian makes payment for securities purchased by the Fund against delivery thereof, and makes delivery of securities disposed of by

the Fund against payment therefor. The Custodian also collects all income and pays all dividends of the Fund. The fees payable to the Custodian by the Fund are determined by agreement between the Fund and the Custodian. It is estimated that they will amount to approximately \$22,000 for the year ending March 31, 1969.

## AUDITORS

The auditors of the Fund are Messrs. Riddell, Stead, Graham & Hutchison, 407 - 8th Avenue S.W., Calgary, Alberta.

## REGISTRAR AND TRANSFER AGENT

The Registrar and Transfer Agent for the Special Shares of the Fund is Montreal Trust Company at the following offices:

VANCOUVER, BRITISH COLUMBIA  
466 Howe Street

CALGARY, ALBERTA  
522 - 8th Avenue S.W.

WINNIPEG, MANITOBA  
Notre Dame at Albert St.

TORONTO, ONTARIO  
15 King Street West

MONTREAL, QUEBEC  
777 Dorchester Blvd. W.

SAINT JOHN, NEW BRUNSWICK  
43 King Street

HALIFAX, NOVA SCOTIA  
1695 Hollis Street

The Fund acts as its own Registrar and Transfer Agent for the Common Shares and Preference Shares.

## PRINCIPAL HOLDERS OF SECURITIES

The Manager owns beneficially all of the Common (voting) Shares of the Fund and also holds of record all of these shares excepting one qualifying Common Share held of record by each of the Fund's eleven directors.

Cygnus Corporation Limited, 304 Sixth Avenue S.W., Calgary, Alberta owns beneficially all of the issued and outstanding Common (voting) Shares of the Manager and also holds of record all of these shares excepting one qualifying Common Share held of record by each of the Manager's three directors.

At the date of this Prospectus the directors and/or officers of the Fund and the Manager as a group beneficially own 70.64% of the issued and outstanding Class B (voting) Shares of Cygnus Corporation Limited.

## REMUNERATION OF DIRECTORS AND OFFICERS

The Articles of Association of the Fund provide that the directors shall be paid by way of remuneration for their services such sums as the Fund may in general meeting from time to time determine. During the last financial year ending March 31, 1968 remuneration of \$500.00 for each of the Fund's 11 directors (thus totalling \$5,500.00) accrued and is now to be paid. It is anticipated that at the Fund's forthcoming annual meeting, the same remuneration will be approved for the financial year ending March 31, 1969. During the last financial year the aggregate remuneration paid to directors was \$5,741.00, this amount having accrued during the preceding financial year. The directors are also paid their traveling expenses of attending and returning from general meetings or



meetings of the Board or in connection with other business of the Fund. The Articles of Association also provide that additional remuneration may be paid to directors for special services which, in the opinion of the Board, render inadequate the ordinary remuneration.

The officers of the Fund receive no remuneration since they are provided by the Manager by arrangement.

It is intended that directors, officers and employees of the Manager, Cygnus Corporation Limited and associated companies shall be permitted to purchase Special Shares of the Fund up to a total cost of \$5,000.00 in any calendar year as a personal investment with a sales commission of 1% of the public offering price.

#### PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The attention of persons and companies who purchase any of the securities offered by this prospectus in the Provinces of Ontario, Saskatchewan or Alberta is drawn to certain provisions of The Securities Act, 1966 (Ontario), The Securities Act, 1967 (Saskatchewan) and The Securities Act, 1967 (Alberta) which permit such purchasers except in certain events:

(a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent; and

(b) to rescind the agreement of purchase by institution of legal proceedings within ninety days from the date of receipt or deemed receipt of the prospectus or an amended prospectus by the purchaser or his agent or the date of the agreement of purchase, whichever is later, if such prospectus or amended prospectus, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of such provisions is contained in Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan) and Sections 63 and 64 of The Securities Act, 1967 (Alberta).

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution,

(a) a purchaser (other than a company) has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus together with financial statements and reports and summaries of reports relating to the Securities as filed with the British Columbia Securities Commission was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the



expiration of three months from the date of service of such notice.

- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances

in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

## AUDITORS' REPORT

To the Shareholders

NATURAL RESOURCES GROWTH FUND LTD.

We have examined the balance sheet of Natural Resources Growth Fund Ltd. as at March 31, 1968 with supporting schedule of portfolio of investments and the statements of income, paid-in surplus, earned surplus, accumulated profit on sale of investments, unrealized appreciation of investments and changes in net assets for the five years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at March 31, 1968 and the results of its operations for the five years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta  
April 19, 1968.

RIDDELL, STEAD, GRAHAM & HUTCHISON  
Chartered Accountants

## NATURAL RESOURCES GROWTH FUND LTD.

## PORTFOLIO OF INVESTMENTS

MARCH 31, 1968

COMMON STOCKS	Number of Shares	Cost	Market Value	% of Total Assets
MINES				
Canada Tungsten Mining Corporation Limited .....	35,000	\$ 93,839	\$ 85,050	.79%
Falconbridge Nickel Mines Limited .....	5,000	506,687	472,500	4.41
The Granby Mining Company Limited ..	1,200	43,776	87,150	.81
Leitch Gold Mines Limited .....	10,000	64,578	105,000	.98
Mattagami Lake Mines Limited .....	12,000	180,860	160,500	1.50
Newconex Holdings Ltd. ....	30,000	173,134	213,000	1.99
Peace River Mining & Smelting Ltd.	15,000	91,862	56,250	.52
Placer Development Limited .....	15,000	427,126	435,000	4.06
		1,581,862	1,614,450	15.06
OILS - Integrated and Exploratory				
Alminex Limited .....	50,000	238,763	222,500	2.07
Ashland Oil & Refining Company ..	10,000	376,277	373,750	3.49
British American Oil Company Limited	10,000	369,279	353,750	3.30
Canadian Petrofina Limited .....	15,000	246,308	213,750	1.99
Home Oil Company Limited				
Class A .....	7,000	184,555	133,875	1.25
Class B .....	33,000	778,134	639,375	5.96
Husky Oil Canada Ltd. ....	40,000	413,067	850,000	7.93
Imperial Oil Limited .....	6,000	363,733	351,000	3.27
Ranger Oil (Canada) Ltd. ....	22,500	87,509	74,250	.69
Shell Canada Limited .....	20,000	313,509	522,500	4.87
Triad Oil Co. Ltd. ....	50,000	129,429	115,000	1.07
Union Oil Company of Canada Limited	20,000	401,155	885,000	8.26
		3,901,718	4,734,750	44.15
PIPE LINES				
Trans-Canada Pipe Lines Ltd. ....	15,600	343,639	382,200	3.56
PULP AND PAPER				
MacMillan Bloedel Limited .....	8,000	229,100	154,000	1.44
The Price Company Limited .....	8,500	87,100	74,375	.69
		316,200	228,375	2.13
Total common stocks .....		6,143,419	6,959,775	64.90

	<u>Number of Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of Total Assets</u>
PREFERRED STOCKS				
Canadian Pacific Investments Limited 4 $\frac{3}{4}$ % cumulative, redeemable, convertible preferred - Series A .....	20,000	426,250	420,000	3.92
Total common and preferred stocks		6,569,669	7,379,775	68.82
 <u>Par Value</u>				
DEBENTURES				
Peace River Mining & Smelting Ltd. 7 $\frac{1}{2}$ % convertible debentures - Series A - due 1983 .....	\$ 150,000	150,000	133,500	1.25
SHORT TERM INVESTMENTS				
Bank deposit receipts .....	\$2,936,419	2,936,419	2,936,419	27.38
TOTAL PORTFOLIO OF INVESTMENTS ..		\$9,656,088	10,449,694	97.45
CURRENT ASSETS LESS CURRENT				
LIABILITIES .....			273,901	2.55
TOTAL NET ASSETS .....			\$10,723,595	100.00%

NOTE:

Cost of investments, \$9,656,088, is determined on the first-in, first-out basis.

Cost of investments, if determined on the average cost basis, would amount to \$9,636,078.

**NATURAL RESOURCES GROWTH FUND LTD.**

(Incorporated under the Companies Act of the Province of Alberta)

**BALANCE SHEET AS AT MARCH 31, 1968****ASSETS AND LIABILITIES**

	<u>1968</u>	<u>1967</u>
INVESTMENTS, at quoted market values, per schedule		
Common and preferred stocks .....	\$ 7,379,775	\$ 6,340,939
Debentures .....	133,500	295,950
Short term investments .....	2,936,419	3,100,000
	<hr/>	<hr/>
Total investments (cost, first-in, first-out basis, 1968 - \$9,656,088; 1967 - \$8,436,879) .....	10,449,694	9,736,889
	<hr/>	<hr/>
CURRENT ASSETS		
Cash .....	249,967	96,584
Due from brokers .....	75,941	891,203
Income receivable .....	33,572	32,151
	<hr/>	<hr/>
	359,480	1,019,938
	<hr/>	<hr/>
CURRENT LIABILITIES		
Due to brokers .....	35,487	250,269
Other accounts payable .....	20,192	13,086
Income taxes .....	29,900	16,225
	<hr/>	<hr/>
	85,579	279,580
	<hr/>	<hr/>
Current assets less current liabilities .....	273,901	740,358
	<hr/>	<hr/>
TOTAL NET ASSETS .....	\$10,723,595	\$10,477,247
	<hr/>	<hr/>
NET ASSET VALUE PER SHARE .....	\$6.59	\$6.41
	<hr/>	<hr/>

Approved on behalf of the Board:

(Signed) G. H. THOMPSON, Director

(Signed) ROBERT W. CAMPBELL, Director

The accompanying notes are an integral part of this financial statement.



# SHAREHOLDERS' EQUITY

		<u>1968</u>	<u>1967</u>
CAPITAL STOCK			
5% non-voting non-cumulative preference shares of 60 cents par value, redeemable at par			
	Shares		
	<u>1968</u>	<u>1967</u>	
Authorized .....	2,500,000	2,500,000	
Issued and redeemed .....	2,096,685	2,096,685	
	<u>403,315</u>	<u>403,315</u>	
Issued and outstanding .....	Nil	Nil	\$ — \$ —
Common shares of \$1 par value			
Authorized and issued			
1,000 shares .....			1,000 1,000
Special shares of \$1 par value (Note 1)			
	Shares		
	<u>1968</u>	<u>1967</u>	
Authorized .....	14,999,000	14,999,000	
Issued for cash .....	3,681,453	3,358,873	
Less redeemed .....	2,055,362	1,724,436	
Outstanding .....	<u>1,626,091</u>	<u>1,634,437</u>	1,626,091 1,634,437
			1,627,091 1,635,437
PAID-IN SURPLUS, per statement attached .....			3,800,685 3,775,248
EARNED SURPLUS, per statement attached .....			157,832 101,190
ACCUMULATED PROFIT ON SALE OF INVESTMENTS, per statement attached .....			4,344,381 3,665,362
UNREALIZED APPRECIATION OF INVESTMENTS, per statement attached .....			793,606 1,300,010
			<u>\$10,723,595</u> <u>\$10,477,247</u>

# NATURAL RESOURCES GROWTH FUND LTD.

## STATEMENT OF PAID-IN SURPLUS FOR THE FIVE YEARS ENDED MARCH 31, 1968

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
BALANCE, BEGINNING OF YEAR .....	\$3,775,248	\$3,581,184	\$4,633,843	\$5,054,270	\$5,340,717
Add					
Proceeds of sale of special shares less \$1 per share credited to capital stock ..	<u>1,956,078</u>	<u>1,632,332</u>	<u>616,317</u>	<u>1,162,203</u>	<u>752,255</u>
	<u>5,731,326</u>	<u>5,213,516</u>	<u>5,250,160</u>	<u>6,216,473</u>	<u>6,092,972</u>
Deduct					
Redemption value of special shares redeemed less \$1 per share charged to capital stock .....	<u>1,922,106</u>	<u>1,433,268</u>	<u>1,422,624</u>	<u>1,332,375</u>	<u>770,964</u>
Stock dividend .....	<u>—</u>	<u>—</u>	<u>236,927</u>	<u>261,525</u>	<u>268,994</u>
Net dividend equalization adjustment transferred to (from) earned surplus .....	<u>8,535</u>	<u>5,000</u>	<u>9,425</u>	<u>(11,270)</u>	<u>(1,256)</u>
	<u>1,930,641</u>	<u>1,438,268</u>	<u>1,668,976</u>	<u>1,582,630</u>	<u>1,038,702</u>
BALANCE, END OF YEAR .....	<u>\$3,800,685</u>	<u>\$3,775,248</u>	<u>\$3,581,184</u>	<u>\$4,633,843</u>	<u>\$5,054,270</u>

The accompanying notes are an integral part of this financial statement

# NATURAL RESOURCES GROWTH FUND LTD.

## STATEMENT OF EARNED SURPLUS FOR THE FIVE YEARS ENDED MARCH 31, 1968

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
BALANCE, BEGINNING OF YEAR ...	\$ 101,190	\$ 78,899	\$ 66,954	\$ 69,950	\$ 62,262
Add					
Net income for year, per statement attached .....	193,810	132,871	113,078	130,277	98,608
Net dividend equalization adjustment transferred from (to) paid-in surplus .....	8,535	5,000	9,425	(11,270)	(1,256)
	<u>303,535</u>	<u>216,770</u>	<u>189,457</u>	<u>188,957</u>	<u>159,614</u>
Deduct					
Cash dividend paid during year (1968 - 9 cents per share; 1967, 1966 and 1965 - 7 cents per share; 1964 - 5 cents per share) .....	<u>145,703</u>	<u>115,580</u>	<u>110,558</u>	<u>122,003</u>	<u>89,664</u>
BALANCE, END OF YEAR . . . . .	<u>\$ 157,832</u>	<u>\$ 101,190</u>	<u>\$ 78,899</u>	<u>\$ 66,954</u>	<u>\$ 69,950</u>

## STATEMENT OF ACCUMULATED PROFIT ON SALE OF INVESTMENTS FOR THE FIVE YEARS ENDED MARCH 31, 1968

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
BALANCE, BEGINNING OF YEAR ....	\$3,665,362	\$1,790,150	\$ 591,958	\$505,843	\$487,455
Net profit on sale of investments for the year .....	<u>679,019</u>	<u>1,875,212</u>	<u>1,198,192</u>	<u>86,115</u>	<u>18,388</u>
BALANCE, END OF YEAR . . . . .	<u>\$4,344,381</u>	<u>\$3,665,362</u>	<u>\$1,790,150</u>	<u>\$591,958</u>	<u>\$505,843</u>

# NATURAL RESOURCES GROWTH FUND LTD.

## STATEMENT OF UNREALIZED APPRECIATION OF INVESTMENTS FOR THE FIVE YEARS ENDED MARCH 31, 1968

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
BALANCE BEGINNING OF YEAR .....	\$ 1,300,010	\$ 1,818,045	\$ 2,565,081	\$ 1,191,322	\$ 458,310
Increase (decrease) during the year .....	(506,404)	(518,035)	(747,036)	1,373,759	733,012
BALANCE, END OF YEAR .....	<u>\$ 793,606</u>	<u>\$ 1,300,010</u>	<u>\$ 1,818,045</u>	<u>\$ 2,565,081</u>	<u>\$1,191,322</u>

## STATEMENT OF CHANGES IN NET ASSETS FOR THE FIVE YEARS ENDED MARCH 31, 1968

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
NET ASSETS, BEGINNING OF YEAR .....	\$10,477,247	\$ 8,873,201	\$ 9,631,456	\$ 8,645,135	\$8,175,735
Add					
Proceeds from sale of special shares .....	2,278,658	1,958,789	753,241	1,420,378	956,410
Net profit on sale of investments .....	679,019	1,875,212	1,198,192	86,115	18,388
Net income for year .....	193,810	132,871	113,078	130,277	98,608
Increase in unrealized appreciation of investments .....	—	—	—	1,373,759	733,012
	<u>13,628,734</u>	<u>12,840,073</u>	<u>11,695,967</u>	<u>11,655,664</u>	<u>9,982,153</u>
Deduct					
Payments on redemption of special shares .....	2,253,032	1,729,211	1,728,245	1,640,680	978,360
Payments on redemption of preference shares .....	—	—	236,927	261,525	268,994
Cash dividend paid .....	145,703	115,580	110,558	122,003	89,664
Decrease in unrealized appreciation of investments .....	506,404	518,035	747,036	—	—
	<u>2,905,139</u>	<u>2,362,826</u>	<u>2,822,766</u>	<u>2,024,208</u>	<u>1,337,018</u>
NET ASSETS, END OF YEAR ..	<u>\$10,723,595</u>	<u>\$10,477,247</u>	<u>\$ 8,873,201</u>	<u>\$ 9,631,456</u>	<u>\$8,645,135</u>



**NATURAL RESOURCES GROWTH FUND LTD.**  
**STATEMENT OF INCOME**  
**FOR THE FIVE YEARS ENDED MARCH 31, 1968**

INCOME	1968	1967	1966	1965	1964
Dividends .....	\$177,988	\$141,920	\$188,264	\$189,111	\$146,518
Interest .....	159,576	90,935	27,994	20,644	24,898
	<u>337,564</u>	<u>232,855</u>	<u>216,258</u>	<u>209,755</u>	<u>171,416</u>
EXPENSES					
Accounting services .....	4,705	—	—	—	—
Management fees .....	54,221	46,429	47,302	46,531	42,831
Custodian, transfer and dividend disbursing agent's fees .....	20,795	17,993	20,444	17,643	17,254
Legal and audit .....	10,514	3,408	19,714	4,451	3,235
Directors' fees and expenses .....	5,741	6,085	6,850	2,800	2,800
Printing, postage and stationery .....	6,062	6,933	4,895	4,249	3,572
Miscellaneous .....	2,234	562	880	1,674	1,487
	<u>104,272</u>	<u>81,410</u>	<u>100,085</u>	<u>77,348</u>	<u>71,179</u>
Income before provision for income taxes .....	233,292	151,445	116,173	132,407	100,237
Provision for income taxes .....	39,482	18,574	3,095	2,130	1,629
NET INCOME .....	<u>\$193,810</u>	<u>\$132,871</u>	<u>\$113,078</u>	<u>\$130,277</u>	<u>\$ 98,608</u>

**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 1968**

NOTE 1 The special shares of the company are redeemable at the holders' option at the net asset value per share at the date of redemption. Redeemed shares may not be reissued by the company. During the year ended March 31, 1968, the company issued 322,580 special shares for \$2,278,658 and redeemed 330,926 special shares for \$2,253,032.

NOTE 2 Prior to April 11, 1967 and pursuant to Section 79 of The Companies Act of the Province of Alberta, the company, on redemption of shares, created capital redemption reserve fund in amounts equivalent to the par value of shares redeemed.

By amendment, with retroactive effect, to Section 79 of the Act effective April 11, 1967 the company is not required to create such fund. The balance in capital redemption reserve fund has therefore been transferred to paid-in surplus. Figures for 1967 and prior years have been restated in the financial statements to reflect the foregoing.

NOTE 3 During the five years ended March 31, 1968 the company purchased and sold portfolio securities as follows:

	1968	1967	1966	1965	1964
Cost of purchases					
Short term notes .....	\$27,250,754	\$10,050,000	\$ 7,351,072	\$ —	\$ 25,000
Other securities .....	4,936,415	3,322,622	1,477,790	722,750	296,916
Total .....	<u>\$32,187,169</u>	<u>\$13,372,622</u>	<u>\$ 8,828,862</u>	<u>\$ 722,750</u>	<u>\$321,916</u>
Proceeds from sales					
Short term notes .....	\$27,414,335	\$ 8,600,000	\$ 5,701,072	\$ —	\$375,000
Other securities .....	4,232,645	5,245,766	4,346,792	1,194,691	221,073
Total .....	<u>\$31,646,980</u>	<u>\$13,845,766</u>	<u>\$10,047,864</u>	<u>\$1,194,691</u>	<u>\$596,073</u>

DATED this 17th day of June, 1968.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by The Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or other reports where required or exigible as contained herein.

CHIEF EXECUTIVE OFFICER

(Signed) R. A. BROWN, Jr.

CHIEF FINANCIAL OFFICER

(Signed) ROBERT W. CAMPBELL

DIRECTORS

(Signed) R. A. BROWN, Jr.

(Signed) ROBERT W. CAMPBELL

(Signed) DONALD McLAWS

(Signed) A. M. SHOULTS

M. A. COOPER

J. L. LEVESQUE

F. M. P. McMAHON

C. A. PIPPY

J. B. SANGSTER

J. R. TOLMIE

G. H. THOMPSON

(Signed)  
by their  
agent

DONALD McLAWS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act 1966 (Ontario) and the regulations thereunder, by The Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible as contained herein.

MANAGER

EMPIRE MANAGEMENT LIMITED.

(Signed) W. TAIT WILKINSON



**NATURAL RESOURCES  
GROWTH FUND LTD.**



**PRINCIPAL BUSINESS OFFICE**

304 Sixth Avenue S.W.

Calgary, Alberta

**MANAGER**

Empire Management Limited

304 Sixth Avenue S.W.

Calgary, Alberta

**INVESTMENT COUNSEL**

Touche, Vintcent Investment Consultants

Ltd.

Calgary, Alberta

**REGISTRAR AND TRANSFER AGENT**

Montreal Trust Company

Halifax, Saint John, Montreal, Toronto

Winnipeg, Calgary, Vancouver

**CUSTODIAN OF SECURITIES AND  
DIVIDEND DISBURSING AGENT**

Montreal Trust Company

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**NATURAL RESOURCES  
GROWTH FUND LTD.**



**PROSPECTUS**

DATED JUNE 17, 1968

*A copy of this prospectus has been filed with the Registrar of Joint Stock Companies, Alberta.*

*The Fund's portfolio contains both investment and speculative securities of natural resource companies.*

*No Securities Commission or similar authority in Canada has, in any way, passed upon the merits of the securities offered hereunder, and any representation to the contrary is an offence.*